

**27th ANNUAL REPORT
2012-13**



GUJARAT RAFFIA INDUSTRIES LIMITED

GUJARAT RAFFIA INDUSTRIES LIMITED

27TH ANNUAL REPORT 2012-13

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 : Union Bank of India

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

**REGISTRAR AND
SHARETRANSFER 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	2
Directors' Report	3-5
Report on Corporate Governance	6-12
Management Discussion	13
Auditors' Report	14-17
Balance Sheet	18
Statement of Profit & Loss	19
Cash Flow Statement	20
Notes to the Financial Statements	21-32
Significant Accounting Policies	33-36

NOTICE

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

Date : 27th September, 2013

Day : Friday

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, 2013 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. Prakash Ramnani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mrs. Sushma P. Bhutoria, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), 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 from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be agreed to between the Board of Directors and the Auditors of the Company."

By Order of the Board,

Date :30.05.2013

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) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- 3) Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, 24th September, 2013 to Friday, 27th September, 2013 (both days inclusive).
- 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) Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
- 7) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 8) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting.
- 9) 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 :30-05-2013

Pradeep Bhutoria

Place : Santej Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the **Twenty Seventh** Annual Report together with the Audited Statement of Accounts for the year ended on **31st March, 2013**.

1. FINANCIAL RESULTS:

Particulars	(Rs. in lacs) Financial Year Ended 31-03-2013 (12 Months)	(Rs. in lacs) Financial Year Ended 31-03-2012 (12 Months)
Operating Profit / Loss (Before Interest and Depreciation)	178.10	148.84
Less : Interest	40.47	25.46
Profit / Loss before Depreciation	137.63	123.38
Less: Depreciation	65.35	52.94
Profit/Loss for the year	72.28	70.44
Add: Extraordinary Income (Net)	-	-
Add: Prior Period Income	-	-
Profit/Loss before Tax	72.28	70.44
Fringe Benefit Tax	0.00	0.00
Provision for Taxation	14.25	13.5
Profit/Loss after Tax	58.03	56.94

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.30,00,17,878/- as compared to Rs.29,18,04,726/- and earned other income of Rs.4,50,013/- (12 months) as compared to Rs.24,72,195/- for 12 months ended 31.03.2012. The Profit before tax for the period under review is Rs.72,28,793/- as compared to Rs. 70,43,692/- (12 months) in the previous which is gone up by 2.62% due to sales increase. The Profit after tax during the year under review is Rs.58,03,793/- as against Rs.56,93,692/- (12 months) in the previous year 2011-12.

4. DIRECTORS:

Mr. Prakash Ramnani, Director and Mrs. Sushma P. Bhutoria, Whole Time Director retires by rotation from the Board in pursuance of provisions of Section 256 of the Companies Act, 1956 and being eligible offers themselves 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.
- 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, 2013** 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 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 INE610B01024

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 observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

The notes of the auditors are self explanatory in the nature.

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 :30.05.2013
Place : Santej

Pradeep Bhutoria
Chairman & Managing Director

GUJARAT RAFFIA INDUSTRIES LTD.**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	(2012-13) Current Year	(2011-12) Previous Year
Foreign Exchange Earning	Rs. 6,79,99,549	Rs. 10,32,68,601
Foreign Exchange Outgo	Rs. 3,98,11,674	Rs. 4,69,07,621

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 31st March, 2013	For, 31st March, 2012
A	Power and Fuel		
1	Electricity		
	a) Purchased		
	Unit	29,24,888	31,93,816
	Total Amount (in lacs)	197.67	200.95
	Rate/Unit (Rs.)	6.75	6.29
	b) Own Generation		
	Through diesel generator		
	Unit	2816	2503
	Total Amount (Rs. In lacs)	0.44	0.35
	Rate/Unit (Rs.)	15.51	14.06
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.)	1.088	1.087

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 29 th Sept., 2012 Yes(Y)/No(N)
Pradeep Bhutoria Chairman & Managing Director	Executive	3	—	5	N
Sushma P. Bhutoria	Executive	2	—	5	N
Alpesh R. Tripathi	Independent Non- executive	—	—	5	Y
Prakash D. Ramnani	Independent Non-executive	1	—	5	Y
Dipen M. Shah	Independent Non-Executive	-	-	2	N

* Private Companies excluded

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

Name of Director	Prakash D. Ramnani	Sushma Bhutoria
Date of Birth	22-06-1961	25-08-1962
Date of Appointment	01-04-2006	21-02-2008
Expertise in specific functional areas	Finance & Administration	Business Administration
List of other Public Limited Companies in which Directorships held	Arihant Corporate Services Limited	Asian Gases Limited Bengal Business Limited
Chairman/Member of the Committees of the Board of the Directors of the Company	Audit Committee & Remuneration Committee	Nil
Chairman/Member of the Committees of Directors of other public limited companies.	Nil	Nil

GUJARAT RAFFIA INDUSTRIES LTD.

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 30-05-2012, 30-06-2012, 14-08-2012, 09-11-2012, and 09-02-2013.

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 30-05-2012, 14-08-2012, 09-11-2012 and 09-02-2013.
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:

Mr. Prakash D. Ramnani, Member- Non- Executive Independent

Mr. Alpesh R. Tripathi, Member- Non- Executive Independent

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

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs.6,00,000/- to Shri Pradeep Bhutoria, Managing Director during the year 2012-13.
2. The Company paid Managerial Remuneration of Rs.4,20,000/- to Smt. Sushma Bhutoria, Whole Time Director during the year 2012-13.
3. 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. Ramakant Pandey is the Compliance Officer for the above purpose.

The Company received 13 complaints / queries 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, 2013.

6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2009-10 (15 months)	10-06-2010	2.00 P.M.	Registered Office : Plot No.455,
2010-11 (12 months)	05-09-2011	2.00 P.M.	Santej-Vadsar Road, Village: Santej,
2011-12 (12 months)	29-09-2012	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.

Special Resolution for appointment and remuneration of Smt.. Sushma P. Bhutoria as Whole Time Director of the Company w.e.f. 1st April, 2012, in Annual General Meeting dated 29-09-2012.

During the year under review, no special resolution was passed through postal ballot or Extra Ordinary General Meeting and as of day, there is no proposal to pass any special resolution through postal ballot.

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, 2013, 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 : Friday
Date : 27th September, 2013
Time : 2.00 p.m.
Venue : Plot No. 455, Santej - Vadsar Road,
Village: Santej,
Taluka : Kalol - 382 721,
Dist : Gandhinagar.

GUJARAT RAFFIA INDUSTRIES LTD.

- c) Financial Calendar :
1st Quarter Results : Mid August, 2013.
Half-yearly Results : Mid November, 2013.
3rd Quarter Results : Mid February, 2014.
4th Quarterly Results : End May, 2014.
Audited yearly Results : End May, 2014.
- d) Book Closure Dates : From : To
24th September, 2013 27th September, 2013
- 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
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
Bombay Stock Exchange Limited	523836
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, 2012	3.48	3.07	40
May, 2012	3.41	2.93	70
June, 2012	4.21	2.84	87
July, 2012	4.65	3.57	92
August, 2012	4.20	3.33	43
September, 2012	4.28	3.10	87
October, 2012	3.90	2.99	58
November, 2012	4.25	2.80	35
December, 2012	3.82	3.01	46
January, 2013	3.49	2.87	57
February, 2013	3.04	2.68	31
March, 2013	2.83	2.24	40

- 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 15 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.

k) Distribution of Shareholding as on 31st March, 2013:

No. of Equity Shares held	No. of Shareholders	% of Share-holders	No. of Shares held	% of Shareholding
Upto 500	28531	98.3319	2642382	52.9029
501 to 1000	292	1.0064	221851	4.4417
1001 to 2000	120	0.4136	164852	3.3005
2001 to 3000	37	0.1275	90859	1.8191
3001 to 4000	7	0.0241	24590	0.4923
4001 to 5000	6	0.0207	27253	0.5456
5001 to 10000	9	0.0310	61884	1.2390
10001 & Above	13	0.0448	1761104	35.2589
Total	29015	100.00	4994775	100.00

l) Category of Shareholders as on 31st March, 2013:

Category	No. of Shares held	% of Shareholding
Promoters including Promoter Company	1690279	33.8409
Financial Institutions/ Banks	—	—
Mutual Fund	—	—
Bodies Corporate	62360	1.2485
NRIs	30909	0.6188
Foreign National	—	—
Other (Clearing Member)	5748	0.1151
Public	3205479	64.1767
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, 2013, a total of 27,53,040 Shares of the Company which form 55.12 % 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.

GUJARAT RAFFIA INDUSTRIES LTD.

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
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 52 (02764) 28 66 32
Compliance Officer : Mr. Ramakant Pandey

For and on behalf of the Board,

Date : 30-05-2013
Place : Santej.

Pradeep Bhutoria
Chairman and Managing Director

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, 2013.

Ahmedabad
Dated: 30-05-2013

Pradeep Bhutoria
Managing Director

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, 2013 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, 2013 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 GT & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2013
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 2012-2013 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 : 30.05.2013
Place : Santej

Pradeep Bhutoria
Chairman & Managing Director

AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Gujarat Raffia Industries** Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

GUJARAT RAFFIA INDUSTRIES LTD.

- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For PGT & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2013
Place : Ahmedabad.

(Pradeep G Tulsian)
Partner
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. 44154810/- and year end balance of loans taken from such party is Rs. 41945310/-
 - 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.
- 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, 2013 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 is pending	Unpaid Amount (Rs)
1.	The Industrial Dispute Act, 1947	Labour Matter	Labour Court, Ahmedabad.	35,000/-
2.	Employee's State Insurance Act, 1948	ESIC	ESI Tribunal, Ahmedabad.	2,00,000/-

GUJARAT RAFFIA INDUSTRIES LTD.

- 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.
- 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 GT & Associates
Chartered Accountants
(Firm Reg. No.: 116277W)

Date : 30.05.2013
Place : Ahmedabad.

(Pradeep G Tulsian)
Partner
Membership No.: 100968

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	In INR	
		Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	49947750	49947750
Reserves and Surplus	2	49726950	43924181
		<u>99674700</u>	<u>93871931</u>
Share Application Pending Allotment		0	0
Non-Current Liabilities:			
Long Term Borrowings	3	80957013	42012071
Long Term Provisions	4	772162	638085
		<u>81729175</u>	<u>42650156</u>
Current Liabilities:			
Short Term Borrowings	5	51649450	16953198
Trade Payables	6	26043433	3496996
Other Current Liabilities	7	18796422	30241553
Short Term Provisions	8	540389	442932
		<u>97029694</u>	<u>51134679</u>
Total		<u><u>278433569</u></u>	<u><u>187656766</u></u>
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	9	26380223	32854965
Capital Work-in-Progress		47068544	8100639
		<u>73448767</u>	<u>40955604</u>
Non-Current Investments	10	500500	500500
		<u>73949267</u>	<u>41456104</u>
Current Assets:			
Inventories	11	113290140	104892973
Trade Receivables	12	63152084	29798998
Cash and Bank Balances	13	8909133	584856
Short Term Loans and Advances	14	19132945	10923835
		<u>204484302</u>	<u>146200662</u>
Total		<u><u>278433569</u></u>	<u><u>187656766</u></u>

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

1 to 33

The accompanying notes are an Integral part of Financial Statement.

As per our report of even date

For P GT & AssociatesChartered Accountants
(Firm Reg. No.: 116277W)**Pradeep G Tulsian**Partner
Membership No. 100968Date : 30.05.2013
Place : Ahmedabad**For and on behalf of the Board****Pradeep Bhutoria***Chairman &
Managing Director***Sushma Bhutoria***Director*Date : 30.05.2013
Place : Santej

GUJARAT RAFFIA INDUSTRIES LTD.

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2013

Particulars	Note No.	In INR	
		Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
REVENUE:			
Revenue from Operations:	16		
Sale of Products [Gross]		299084597	288440466
Less : Excise Duty		24073333	17280901
Sale of Products [Net]		275011264	271159565
Other Operating Revenues		933281	3364260
Net Revenue from Operations		275944545	274523825
Other Income	17	450014	2472195
Total Revenue		276394559	276996020
EXPENSES:			
Cost of Materials Consumed	18	202602176	223688379
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	19	(2639672)	(17230056)
Employee Benefits Expense	20	10410204	7956546
Finance Costs	21	4047120	2545895
Depreciation and Amortisation expenses	9	6535242	5294445
Other Expenses	22	48211720	47696094
Total Expenses		269166790	269951303
Profit before exceptional & extraordinary items and Tax		7227769	7044717
Less: Exceptional Items		0	0
Profit before Tax		7227769	7044717
Less/[Add]: Tax Expense:			
Current Tax		1425000	1350000
Deferred Tax	31	0	0
Total Tax Paid		1425000	1350000
Profit for the period		5802769	5694717
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	23		
Before/After Exceptional Items		1.16	1.14

Significant Accounting Policies

Notes to the Financial Statements

1 to 33

The accompanying notes are an Integral part of Financial statement.

As per our report of even date

For P GT & Associates

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

Pradeep G Tulsian

Partner
Membership No. 100968

Date : 30.05.2013
Place : Ahmedabad

For and on behalf of the Board

Pradeep Bhutoria

Chairman &
Managing Director

Sushma Bhutoria

Director

Date : 30.05.2013
Place : Santej

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2013

	In INR	
	Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
A. CASH ARISING FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Exceptional Items as per Profit and Loss Accounts	7227769	7044717
ADD/(DEDUCT):		
Depreciation and Amortisation Expenses	6535242	5294445
Interest Income	(438515)	(401981)
Profit on Sale of Fixed Assets	0	(297516)
Amount Written off	(11498)	(1772698)
Financial Charges	4047120	2545895
Unrealised Foreign Exchange (Gain)/Loss	-	-
	<u>10132348</u>	<u>5368145</u>
Operating Cash Profit Before Working Capital Changes	17360117	12412862
Change In Working Capital		
Decrease in Trade and Other Current Liabilities	11246881	(1673574)
Increase in Trade Receivable and Other Loans and Advances	(41562196)	(12343411)
Increase in Inventories	(8397167)	(21115442)
Total Change in Working Capital	<u>(38712482)</u>	<u>(35132427)</u>
Cash flow from opration	<u>(21352365)</u>	<u>(22719565)</u>
Less:- Direct Taxes Paid	(1327542)	(2314643)
Net Cash Inflow/(Outflow) in the Course of Operating Activities after Exceptional Items	<u>(22679907)</u>	<u>(25034208)</u>
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES:		
Inflow:		
Sale of Assets	0	12099777
Interest Received	438515	401981
	<u>438515</u>	<u>12501758</u>
Outflow:		
Investment In Shares of Other Company	-	-
Acquisition of Fixed Aassets (Including Capital Work in Progress)	(39028405)	(6043102)
	<u>(39028405)</u>	<u>(6043102)</u>
Net Cash Inflow/(Outflow) in the course of Investing Activities	<u>(38589890)</u>	<u>6458656</u>
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES:		
Inflow:		
Proceeds from Unsecured Loan	10240518	11610792
	<u>10240518</u>	<u>11610792</u>
Outflow:		
Proceeds from Secured Loan	28704424	-
Proceeds From Bank OD a/c	34696252	(831940)
Finance charges	(4047120)	(2545895)
	<u>59353556</u>	<u>(3377835)</u>
Net Cash Inflow/(Outflow) in the Course of Financing Activities	<u>69594074</u>	<u>8232957</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	8324277	(10342595)
Add: Opening Balance of Cash and Cash Equivalents	584856	10927451
Closing Balance of Cash and Cash Equivalents	8909133	584856

As per our report of even date

For P GT & Associates

Chartered Accountants

(Firm Reg. No.: 116277W)

Pradeep G Tulsian

Partner

Membership No. 100968

Date : 30.05.2013

Place : Ahmedabad

For and on behalf of the Board**Pradeep Bhutoria***Chairman &
Managing Director***Sushma Bhutoria***Director*

Date : 30.05.2013

Place : Santej

NOTES TO THE FINANCIAL STATEMENTS

	In INR	
	Figures as at end of	
	Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
NOTE: 1-SHARE CAPITAL:		
Authorised:		
1,10,00,000 [as at 31-03-12 : 1,10,00,000] equity shares of Rs.10/- each	110000000	110000000
Total	110000000	110000000
Issued, Subscribed and Paid-up:		
49,94,775 [as at 31-03-12 : 49,94,775] equity shares of Rs.10/- each	49947750	49947750
Less : Calls in arrears - Due from others	0	0
Total	49947750	49947750

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	4994775	4994775

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, 2013		Previous Reporting period 31st March, 2012	
	No of Shares	% of Holding	No of Shares	% of Holding
Pradeep Bhutoria	546344	10.94	546344	10.94
Ratanlal Bhutoria	280261	5.61	280261	5.61
Bengal Business Limited	300579	6.02	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 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.

27TH ANNUAL REPORT 2012-13

		In INR	
		Figures as at end of	
		Current	Previous
		Reporting Period	Reporting Period
		March 31, 2013	March 31, 2012
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		25922116	20227399
Add: (Loss)/Profit for the reporting period		5802769	5694717
Net surplus in the statement of profit and loss		31724885	25922116
Total		49726950	43924181

		In INR			
		Non-current portion		Current Maturities	
		Figures as at end of			
		Current	Previous	Current	Previous
		Reporting	Reporting	Reporting	Reporting
		Period	Period	Period	Period
		March 31,	March 31,	March 31,	March 31,
		2013	2012	2013	2012
NOTE: 3-LONG TERM BORROWINGS:					
A	Term Loans/Finance Lease Obligation (Secured)				
a	From Banks	28988844	284420	208739	242666
		28988844	284420	208739	242666
B	From Others [Unsecured]	51968169	41727651	0	0
	Inter corporate deposits				
	Total	80957013	42012071	208739	242666
The above amount includes:					
	Secured borrowings	28988844	284420	208739	242666
	Unsecured borrowings	51968169	41727651	0	0
	Amount disclosed under head				
	"Other Current Liabilities" [Note-9]	0	0	-208739	-242666
	Net Amount	80957013	42012071	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, 2013 for Any Loans under this head.

GUJARAT RAFFIA INDUSTRIES LTD.

	In INR	
	Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
NOTE :4-LONG TERM PROVISIONS:		
Provision for Employee Benefits	772162	638085
Total	772162	638085

**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 recognize each period of service as giving rise to addition 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	257122	174590
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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.

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.

a Change in the present value of the defined benefit obligation:

Opening defined benefit obligation	309041	304741
Interest cost	0	0
Current service cost	15000	18838
Benefits paid	0	-14538
Actuarial [gain]/losses on obligation	0	0
Closing defined benefit obligation	324041	309041

b Change in the fair value of plan assets:

Opening fair value of plan assets	0	0
Expected return on plan assets	0	0
Contributions by employer	0	0
Benefits paid	0	-14538
Actuarial gains/[losses]	0	0
Closing fair value of plan assets	0	0
Total actuarial gain [loss] to be recognized	0	0

27TH ANNUAL REPORT 2012-13

		In INR	
		Figures as at end of	
		Current	Previous
		Reporting Period	Reporting Period
		March 31, 2013	March 31, 2012
c	Actual return on plan assets:		
	Expected return on plan assets	0	0
	Actuarial gain/[loss] on plan assets	0	0
	Actual return on plan assets	0	0
d	Amount recognised in the balance sheet:		
	[Assets]/Liability at the end of the period	324041	309041
	Fair value of plan Assets at the end of the period	0	0
	Difference	324041	309041
	Unrecognised past Service cost	0	0
	[Assets]/Liability recognised in the Balance Sheet	324041	309041
e	[Income]/Expenses recognised in the Statement of Profit and Loss :		
	Current service cost	15000	18838
	Interest cost on benefit obligation	0	0
	Expected return on plan assets	0	0
	Net actuarial [gain]/loss in the period	0	0
	Net [benefit]/expense	15000	18838
f	Movement in net liability recognised in Balance Sheet:		
	Opening net liability	309041	304741
	Expenses as above [P & L Charge]	15000	18838
	Employer's contribution	0	-14538
	[Assets]/Liability recognised in the Balance Sheet	324041	309041
g	Principal actuarial assumptions as at Balance sheet date:		
		Gratuity Unfunded	
	Mortality table	NA	NA
	Discount rate (rate annum)	0	0
	Expected rate of return on plan assets (per annum)	NA	NA
	Rate of escalation in salary	0	0

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.

NOTE: 5-SHORTTERM BORROWINGS:

Working Capital Loans from Banks [Secured] [*]	51649450	16953198
Total	51649450	16953198

[*] [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].

GUJARAT RAFFIA INDUSTRIES LTD.

	In INR	
	Current	Previous
	Reporting Period	Reporting Period
	March 31, 2013	March 31, 2012

NOTE: 6-TRADE PAYABLES:

Micro, Small and Medium Enterprises [*]	0	0
Others	<u>26043433</u>	<u>3496996</u>
Total	<u>26043433</u>	<u>3496996</u>

[*] 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: 7-OTHER CURRENT LIABILITIES:

Current Maturities of Long Term Debt including current maturity of finance lease obligation [Refer Note No. 3]	208739	242666
Sundry Creditors - Capital Goods	4563246	0
Advances from Debtors	4109836	22450381
Others:		
Provision for Expenses	2821296	2333255
Payable to Statutory Authorities (*)	<u>7093305</u>	<u>5215251</u>
Total	<u>18796422</u>	<u>30241553</u>

(*) 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: 8-SHORTTERM PROVISIONS:

Provision for Employee Benefits	0	0
Others:		
Provision for Income Tax	<u>540389</u>	<u>442932</u>
Total	<u>540389</u>	<u>442932</u>

NOTE: 9-FIXED ASSETS:

In INR

A Tangible Assets:

	Freehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Block:							
As at March 31, 2012	1295932	7119684	116541102	2300971	2968818	1321473	131547980
Additions	0	0	0	-	46000	14500	60500
Disposals	0	0	0	-	0	0	0
Other adjustments	0	0	0	-	0	0	0
As at March 31, 2013	1295932	7119684	116541102	2300971	3014818	1335973	131608480
Depreciation:							
As at March 31, 2012	-	3861767	92293201	796811	983947	757289	98693015
Charge for the Period	-	237798	5889266	64994	283068	60116	6535242
Disposals	0	0	0	-	0	0	0
As at March 31, 2013	-	4099565	98182467	861805	1267015	817405	105228257
Net Block:							
As at March 31, 2012	1295932	3257917	24247901	1504160	1984871	564184	32854965
As at March 31, 2013	1295932	3020119	18358635	1439166	1747803	518568	26380223

1 The Borrowing costs capitalised by the Company during the reporting period is Rs. 516933/- (during the previous reporting Nil)

2 The fixed assets acquired on finance lease and lease rent are charged as per the agreed terms.

3 Break up of additions, disposals and other adjustments for previous reporting period is as under:

Tangible Assets	Gross Block	Impairment Loss	Net Block
Opening	131547980	-	131547980
Additions	60500	-	60500
Disposals	0	-	0
Other adjustments	0	-	-
Closing	131608480	-	131608480

In INR

Figures as at end of
Current Reporting Period
March 31, 2013

Previous Reporting Period
March 31, 2012

NOTE : 10 - 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
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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

GUJARAT RAFFIA INDUSTRIES LTD.

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2013 March 31, 2012

NOTE: 11-INVENTORIES:

[The Inventory is valued at lower of cost and net realisable value]

Classification of Inventories :

Raw Materials	53254350	47254441
Work-in-progress	1919211	3928370
Finished Goods	57372736	52797163
Stores and Spares	659172	901586
Scrap	84671	11413
Total	<u>113290140</u>	<u>104892973</u>

NOTE: 12-TRADE RECEIVABLES:

[Unsecured]

Outstanding for a period exceeding six months from the date they are due for payment:

Considered good	4315503	6911491
Others		
Considered good	58836581	22887507
Total	<u>63152084</u>	<u>29798998</u>

NOTE: 13-CASH AND CASH EQUIVALENTS :

Balances with Banks	8906124	92529
Cash on Hand	3009	492327
Total	<u>8909133</u>	<u>584856</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	1456392	0
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: 14-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	2902562	3103405
Advances to Suppliers	12478596	4108481
Advances recoverable in cash or in kind or for value to be received	3751787	3711949
Total	<u>19132945</u>	<u>10923835</u>

27TH ANNUAL REPORT 2012-13

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2013 March 31, 2012

**NOTE: 15-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	235000	1200000
b	In respect of guarantees given by Banks and/or counter guarantees given by the Company	160000	0
c	Other money for which the company is contingent liable:		
i	Letters of Credit for Imports	8328104	0

NOTE: 16-REVENUE FROM OPERATIONS:

Sales of Goods

Sales (Including Job Work)	299084597	288440466
Services	0	0
	299084597	288440466

Other Operating Revenues:

Net Gain on foreign currency transactions and translation	933281	3364260
Total	933281	3364260

Details of Sale of Goods

Fabric	22848059	14261330
Sacks	77199235	53645544
Tarpaulin	180416888	218648244

NOTE: 17-OTHER INCOME:

Net Gain on Assets Sold	0	297516
Other Non-operating Income		
Interest income	438515	401981
'Amount Written Off	11498	1772698
Total	450014	2472195

NOTE: 18-COST OF MATERIALS CONSUMED:

Raw Materials:

Stock at commencement	47254441	43766071
Add : Purchases	208602085	227176749
	255856526	270942820
Less : Stock at close	53254350	47254441
Total	202602176	223688379

A Details of Consumption of Raw Material [RM] is as under:

a	Fabric	2544460	14661252
b	Granuals	198705345	204226398

GUJARAT RAFFIA INDUSTRIES LTD.

	In INR		
	Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012	
NOTE: 19-CHANGES IN INVENTORIES:			
Stock at close:			
Work-in-progress	1919211	3928370	
Finished Goods	57457407	52808576	
	<u>59376618</u>	<u>56736946</u>	
Less: Stock at commencement:			
Work-in-progress	3928370	2139204	
Finished Goods	52808576	37367686	
	<u>56736946</u>	<u>39506890</u>	
Total	<u><u>2639672</u></u>	<u><u>17230056</u></u>	
A Details of Finished Goods is as under:			
	2011	2012	2013
a Sacks	2216699	6202178	183587
b Tarpaulin/Roll/Cover/ Fabric/sheets	35090289	34857098	52178236
NOTE: 20-EMPLOYEE BENEFIT EXPENSE:			
Salaries, Bonus and wages	10084271	7734190	
Contribution to provident and other funds	257122	174590	
Staff welfare expenses	68811	47766	
Total	<u>10410204</u>	<u>7956546</u>	
NOTE: 21-FINANCE COST:			
Interest expense [*]	3585575	2039161	
Bank commission & charges	461545	506734	
Total	<u>4047120</u>	<u>2545895</u>	
[*] The break up of interest expense in to major heads is given below:			
On working capital loans	2755958	1253598	
Others	829617	785563	
	<u>3585575</u>	<u>2039161</u>	
NOTE: 22-OTHER EXPENSES:			
Consumption of Stores and spare parts	4719078	4855473	
Other Manufacturing Expenses	1706554	1781851	
Power & fuel	20219914	19952844	
Rent	175000	0	
Repairs to Plant and Machinery	481296	732439	
Repairs to Others	133941	91425	
Insurance	233873	277739	
Rates and Taxes [excluding taxes on income] (*)	8664480	9629075	
Directors' Remuneration	1020000	600000	
Travelling Expenses	649540	238865	
Legal and Professional Fees	493902	518452	
Freight and forwarding on sales	7886250	7653286	
Other marketing expenses	330302	57294	
Miscellaneous Expenses [**]	1497590	1307352	
Total	<u>48211720</u>	<u>47696094</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	37500	48000	
ii For taxation matters	7500	12000	
iii For Other Services	0	0	
iv Total	<u>45000</u>	<u>60000</u>	

27TH ANNUAL REPORT 2012-13

In INR
Figures as at end of
Current Previous
Reporting Period Reporting Period
March 31, 2013 March 31, 2012

NOTE: 23-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	5802769	5694717
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	1.16	1.14

NOTE: 24-EXPENDITURE IN FOREIGN CURRENCY:

Testing Charges (*)		0	235686
Business Promotion Expenses (*)		147246	131814
Import of Goods		45399574	44796469
Import of Capital Goods		0	0

(*) Considered on payment basis only.

NOTE: 25-EARNINGS IN FOREIGN EXCHANGE:

Export of goods calculated on F.O.B. basis		181837602	107491778
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NOTE: 26-REMITTANCES MADE ON ACCOUNT OF DIVIDEND IN FOREIGN CURRENCY

	0	0
	Current Reporting period	Previous Reporting period
	31st March, 2013	31st March, 2013
	INR - % to Total	INR - % to Total

NOTE: 27-RAW MATERIALS AND SPARE PARTS CONSUMED:

Value of Raw Materials Consumed:				
Imported	45399574	22	44796469	20
Indigenous	157202602	78	178891910	80
Total	202602176	100	223688379	100
Value of Spare parts Consumed:				
Imported	0	0	0	0
Indigenous	4719078	100	4855473	100
Total	4719078	100	4855473	100

NOTE : 28 - 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.

GUJARAT RAFFIA INDUSTRIES LTD.

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

	Value [*] in INR	
	Figures as at end of	
	Current Reporting Period March 31, 2013	Previous Reporting Period March 31, 2012
Dues to Creditors /Advance payment from Debtors		
Rupees	5492626	3087770
US dollar	101640	59980
Dues from Debtors and advance payment to suppliers		
Rupees	13667202	4179352
US dollar	252909	81184

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

NOTE: 29-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	117246995	181837602	299084597
Previous reporting period	180948688	107491778	288440466
(Sale revenue is gross of excise duty and sales tax.)			
B Carrying amount of segment assets			
Current reporting period	264766367	13667202	278433569
Previous reporting period	183477414	4179352	187656766
(Assets outside India include Export Debtors)			

NOTE: 30-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	Executive Director
Mr. Abhishek Bhutoria	Son of Director
Mr. Alpesh Tripathi	Director
Mr. Prakash ramnani	Director
Mr. Dipen M Shah	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,			
	2013	2012	2013	2012
Loan Taken	0	0	2628000	25000
Loan Repaid	0	0	3123851	3125925
Interest Paid	0	0	713510	699248
Remuneration	1020000	600000	0	0
Rent Paid	175000	0	0	0
Total	1195000	600000	6465361	3850173

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 31.03.2012	Loan Taken	Loan Repaid	Expenses	Closing as on 31.03.2013
Asian Gases Limited	14255792	25000	484351	713510	14509951
Bengal Business Ltd.	10871859	2603000	2639500	0	10835359
Mahanagar Realestate Pvt. Ltd.	16600000	0	0	0	16600000
Abhishek Bhutoria	0	0	0	175000	175000
Pradeep Bhutoria	0	0	0	600000	0
Sushma Bhutoria	0	0	0	420000	0

NOTE: 31

The Company has worked out deferred tax liabilities/assets as at March 31, 2013. 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.

NOTE: 32

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: 33

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 33 to the Financial Statements

As per our report of even date

For P GT & Associates

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

Pradeep G Tulsian

Partner
Membership No. 100968

Date : 30.05.2013
Place : Ahmedabad

For and on behalf of the Board

Pradeep Bhutoria *Chairman &
Managing Director*
Sushma Bhutoria *Director*

Date : 30.05.2013
Place : Santej

GUJARAT RAFFIA INDUSTRIES LTD.

SIGNIFICANT ACCOUNTING POLICIES:

(Annexed to and forming part of the financial statements for the year 31st March, 2013)

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.

- 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.

GUJARAT RAFFIA INDUSTRIES LTD.

(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.

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 LTD.

GUJARAT RAFFIA INDUSTRIES LIMITED

Registered Office:

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

27th Annual General Meeting
Friday, the 27th September, 2013 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 27th Annual General Meeting of the Company, to be held on Friday, the 27th September, 2013 and/or at any adjournment thereof.

Signed the _____ day of _____ 2013.

Signature

Affix
Revenue
Stamp of
30 paise

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



Gujarat Raffia Industries Limited

Regd. Office : 455, Santej-Vadsar Road, Santej-382721. Tal. Kalol, Dist. Gandhinagar.
Gujarat. India. Phone : (91-2764) 286632/321312 Fax : (91-2764) 286652
E-mail : info@griltarp.com - Website : www.griltarp.com

27th September, 2013

To,

M/s. Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers,

25th Floor, Dalal Street,

Mumbai - 400 001

Ref.: Scrip Code 523836

Subject: Covering Letter of Annual Audit Report to be filed with the Stock Exchange under Clause 31(a) of the Listing Agreement.

Dear Sir,

In terms of Clause 31(a) of the Listing Agreement, the report is as under:

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

Sr. No.	Description	Particulars
1.	Name of the company	Gujarat Raffia Industries Limited
2.	Annual financial statements for the year Ended	March, 2013(i.e. 1 st April, 2012 to 31 st March, 2013)
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	Managing Director

FORM B

Format of covering letter of the annual audit report to be filed with the Stock Exchange

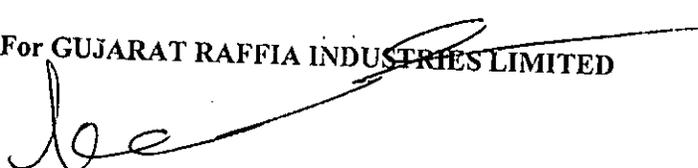
Sr. No.	Description	Particulars
1.	Name of the company	Gujarat Raffia Industries Limited
2.	Annual financial statements for the year ended	March, 2013(i.e. 1 st April, 2012 to 31 st March, 2013)
3.	Type of Audit qualification	Not Applicable
4.	Frequency of qualification	Not Applicable
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Not Applicable
6.	Additional comments from the board/audit committee chair:	Not Applicable
7.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	Managing Director

Kindly take note of the same.

Thanking You,

Yours Faithfully,

For GUJARAT RAFFIA INDUSTRIES LIMITED


PRADEEP BHUTORIA
MANAGING DIRECTOR

Encl.: As Above