

**ANNUAL REPORT
2001-2002**



GRIL

**GUJARAT RAFFIA INDUSTRIES
LIMITED**

GUJARAT RAFFIA INDUSTRIES LIMITED

BOARD OF DIRECTORS

| | |
|-------------------------|--------------------------|
| Shri Ashok Chhajer | <i>Chairman</i> |
| Shri Pradeep Bhutoria | <i>Managing Director</i> |
| Shri Arpit K. Patel | <i>Director</i> |
| Shri Alpesh R. Tripathi | <i>Director</i> |
| Shri Sanjay Jain | <i>Director</i> |

AUDITORS

M/s. Talati & Talati,
Chartered Accountants,
Ahmedabad.

COMPANY LAW CONSULTANT

Kashyap R. Mehta
Company Secretary
Ahmedabad.

BANKERS

Bank of Baroda

REGISTERED OFFICE & WORKS

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

OFFICE

35, Omkar House,
Near Swastik Cross Roads,
C. G. Road,
Navrangpura,
Ahmedabad - 380 009.

WORKS

1. Village : Budasan
Taluka : Kadi
District : Mehgana (N. Guj.).
2. Village : Santej
Taluka : Kalol
District : Gandhinagar

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GUJARAT RAFFIA INDUSTRIES LIMITED

NOTICE

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

Date : 28th September, 2002

Day : Saturday

Time : 11.00 a.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 and adopt the Audited Profit and Loss Account for the year ended 31st March, 2002 and the Balance Sheet as on that date alongwith the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Ashok Chhajer, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri Sanjay Jain be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby accord its approval to the reappointment of Shri Pradeep Bhutoria as Managing Director of the Company for a period of five years with effect from 1st January, 2002 on the terms and conditions set out in the draft agreement of appointment submitted to this meeting duly initialled by the Chairman for identification and that he be paid remuneration by way of salary and perquisites not exceeding the amount thereof as set out in the accompanying explanatory statement which is permissible under part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors of the Company from time to time."

"RESOLVED FURTHER THAT the extent and scope of salary and perquisites as specified in the explanatory statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 1956 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."

Registered Office:

Plot No. 455, Santej-Vadsar Road,
Village : Santej, Taluka : Kalol - 382 721.
Dist : Gandhinagar.
Date : 27th June, 2002

By Order of the Board,

Pradeep Bhutoria
Managing Director

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Items Nos. 4 and 5 set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF A PROXY NEED NOT BE A MEMBER. THE INSTRUMENTS APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTER OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF 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, the 3rd September, 2002 to Saturday, the 28th September, 2002 (both days inclusive).
4. Members intending to require informations 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 one account to enable the company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.
6. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE610B01016.

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Items Nos. 4 and 5 of the accompanying notice dated 27th June, 2002 and should be taken as forming part of the notice.

In respect of Item No. 4:

The Board of Directors of the Company in their meeting held on 1st April, 2002 appointed Shri Sanjay Jain as an Additional Director of the Company.

As per Article 134 of the Articles of Association of the Company and section 260 of the Companies Act, 1956, he will hold the office upto the date of this General Meeting.

As required under the provisions of Section 257 of the Companies Act, 1956, notice has been received from some of the members signifying their intention to propose him as candidate for office of the Director.

Shri Sanjay Jain is concerned or interested in the said business, since it relates to his appointment as Director of the Company. Except him, none of the Directors is in any way concerned or interested in the said business.

In respect of Item No. 5:

Shareholders may recall that in the 11th Annual General Meeting held on 24th September, 1996, Shri Pradeep Bhutoria was appointed as Managing Director of the Company for a period of five years from 1st July, 1997. The Board of Directors in their meeting held on 1st January, 2002 has reappointed Shri Pradeep Bhutoria as Managing Director for a further period of five years i.e. from 1st January, 2002.

The major terms and conditions of his re-appointment are as under:

I. **PERIOD:** For a period of 5 years from 1st January, 2002 to 31st December, 2006.

II. **REMUNERATION:**

A. **SALARY:** The Managing Director shall be entitled to salary of Rs. 20,000/- per month.

GUJARAT RAFFIA INDUSTRIES LIMITED

B. PERQUISITES:

1. House rent allowance @ 20 % of salary.
2. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure.
5. Reimbursement of medical expenses as applicable to other senior executive of the Company.
6. Free telephone facility at residence and reimbursement of petrol expenses.
7. Leave travel concession for himself and family once in a year in accordance with rules specified by the Company not exceeding half month's salary for every year.

III. The Managing Director shall not, so long as he functions as such, become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company without the prior approval of the Central Government.

IV. DUTIES:

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Managing Director shall be entrusted with substantial powers of management and also such other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time.

V. TERMINATION:

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

VI. COMPENSATION:

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

As per the provisions of sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company accorded by special resolution is necessary for holding office as Managing Director of the Company on remuneration.

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

Resolution of the Board of Directors reappointing Shri Pradeep Bhutoria as Managing Director and Draft agreement of appointment are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day prior to the date of the meeting.

Shri Pradeep Bhutoria is concerned or interested in the business since it relates to his appointment as Managing Director of the Company. Except them, none of the Directors is in any way concerned or interested in the said business.

Registered Office:
Plot No. 455, Santej-Vadsar Road,
Village : Santej, Taluka : Kalol - 382 721.
Dist : Gandhinagar.
Date : 27th June, 2002

By Order of the Board,

Pradeep Bhutoria
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Seventeenth Annual Report together with the Audited statement of accounts for the Financial Year 2001-02 ended on 31st March, 2002.

1. FINANCIAL RESULTS :

| | 2001-02 | (Rs. in lacs) 2000-01 |
|---|-----------------|--------------------------|
| Operating Profit (before Interest and Depreciation) | <u>190.30</u> | <u>211.76</u> |
| Less : Interest | 87.50 | 117.15 |
| Profit before Depreciation | <u>102.80</u> | <u>94.61</u> |
| Less : Depreciation | 82.85 | 82.36 |
| Profit before tax | <u>19.95</u> | <u>12.25</u> |
| Less: Provision for Taxation | — | 1.04 |
| Add : Excess provision Written back | 0.23 | — |
| Profit after tax | <u>20.18</u> | <u>11.21</u> |
| Add : Balance Brought Forward from Previous year | <u>(528.98)</u> | <u>(540.19)</u> |
| Balance Carried to Balance Sheet | <u>(508.80)</u> | <u>(528.98)</u> |

2. DIVIDEND :

In view of the accumulated losses, the Board of Directors are unable to recommend dividend for the year under review.

3. REVIEW OF OPERATIONS :**PRODUCTION, SALES AND WORKING RESULTS :**

The production of PE Fabric/Sacks/Tarpaulin/Ropes during the year under review was 3696 M. T. against 5179 M. T. during previous year. The turnover of Fabric/Sacks/Tarpaulin etc. during the year under review was Rs. 1746 lacs as compared to Rs. 2860 lacs during 2000-01.

The Operating Profit for the year under review was Rs. 190.30 lacs compared to Rs. 211.76 lacs during 2000-01. The Net Profit for the year under review stood at Rs. 20.18 lacs compared to Net Profit of Rs. 11.21 lacs during 2000-01.

The operations of the Company were affected because of the general recessionary trend prevailing in economy and higher cost of various inputs.

4. FINANCE :

4.1 The Company's Income-tax Assessment and Sales-tax Assessments have been completed upto financial year 1999-2000 and 1998-1999 respectively.

4.2 The Company is enjoying fund based and non fund based Working Capital Facilities of Rs. 325 lacs from Bank of Baroda, Kadi Branch, Kadi (North Gujarat).

5. DIRECTORS :

5.1 The Board of Directors in their meeting held on 1st January, 2002, reappointed Shri Pradseep Bhutoria as Managing Director of the Company for a period of 5 years w.e.f. 1st January, 2002 to 31st December, 2006. Your approval is recommended to his reappointment as provided in the Notice of 17th Annual General Meeting.

5.2 The Board of Directors in their meeting held on 1st April, 2002 have appointed Shri Sanjay Jain as Additional Director of the Company. The Board is of the opinion that his rich business experience will benefit the Company.

5.3 One of your Directors viz. Shri Ashok Chhajjer retires by rotation in terms of Articles 99 and 100 of the Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

6. 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:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

GUJARAT RAFFIA INDUSTRIES LIMITED

- (ii) that the Directors have selected such **accounting policies and applied** them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2002 being end of the financial year 2001-02 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.
- 7. AUDIT COMMITTEE :**
Pursuant to the requirement of Section 292 A of the Companies Act, 1956, the Board of Directors have constituted 'Audit Committee' which consists the following Directors:
- (i) Mr. Alpesh R. Tripathi Chairman of the Committee
(ii) Mr. Ashok Chhajjer Member of the Committee
(iii) Mr. Sanjay Jain Member of the Committee
- 8. DEMATERIALIZATION OF EQUITY SHARES :**
With a view to facilitate holding of securities in dematerialised/ electronic form, the Shareholders of the Company have an option to dematerialise their shares with either of the depositories. The ISIN No. allotted is INE610B01016.
- 9. PERSONNEL :**
Industrial relations continued to remain cordial and peaceful during the year under review.
- 10. LISTING :**
The Equity Shares of the Company are listed on the Ahmedabad, Mumbai, Calcutta and National Stock Exchanges. The Company is generally regular in paying Listing Fees to the Stock Exchange/s.
- 11. CORPORATE GOVERNANCE :**
As per Clause 49 of the Listing Agreement with the Stock Exchange/s, a Report on Corporate Governance together with Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report.
- 12. GENERAL :**
- 12.1 INSURANCE :**
The Company's properties including building, plants, and machineries, stock, stores etc. continued to be adequately insured against risks such as fire, riots, strikes etc.
- 12.2 AUDITORS :**
The present Auditors of the Company M/s Talati & Talati, Chartered Accountants, Ahmedabad will retire by rotation at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for reappointment under Section 224(1-B) of the Companies Act, 1956. The Notes of the Auditors to the accounts are self-explanatory.
- 12.3 PARTICULARS OF EMPLOYEES :**
There is no employee drawing remuneration requiring disclosure under the Companies (Particulars of Employees) Rules, 1975.
- 12.4 DEPOSITS :**
At the end of the Financial Year under Report, no fixed deposit remained unclaimed by the deposit holder which was due for repayment.
- 13. PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988, IS AS PER ANNEXURE - I ANNEXED HEREWITH.**
- 14. ACKNOWLEDGMENT :**
Your Directors express their sincere gratitude for the assistance and co-operation extended by Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.
Your Directors also wish to place on record their appreciation of the contribution made by the employees at their levels towards achievements of the Company's goals.

For and on behalf of the Board,

Place : Ahmedabad.
Date : 27th June, 2002**Ashok Chhajjer**
Chairman

ANNEXURE - J

A. CONSERVATION OF ENERGY :

- a) Energy consumption measures taken, Additional Proposals and its impact.

The Company is planning to install Power factor panels so as to reduce overall power consumption.

- b) Total Energy consumption and Energy Consumption per unit of production as per Form A prescribed in the Rules is as under:

Disclosure of particulars with respect to Conservation of Energy:

A. Power and fuel Consumption

| | 2001-2002 | 2000-2001 |
|---|-----------|-----------|
| 1. Electricity | | |
| a) Purchased Unit | 28,28,508 | 34,89,823 |
| Total amount (Rs. in Lacs) | 147.12 | 158.39 |
| Rate/Unit Rs. | 5.20 | 4.54 |
| b) Own generation | | |
| Through Diesel Generator Unit | 13,97,871 | 12,26,717 |
| Total Amount (Rs. in Lacs) | 57.65 | 58.51 |
| Rate/Unit Rs. | 4.12 | 4.76 |
| 2. Coal | N.A. | N.A. |
| 3. Furnace Oil | N.A. | N.A. |
| 4. LSHS | N.A. | N.A. |
| B. Consumption per Unit of Production of HDPE Fabrics/Sacks (K.G.) | 1.143 | 0.910 |

B. TECHNOLOGY ABSORPTION :

- a) The Company has not carried any Research & Development Activities during the year under Report.
- b) Activities relating to Exports, initiatives taken :

The Company exported goods worth Rs. 300 lacs which is likely to increase in the year 2002-03. The management is in active discussions with the potential customers in foreign countries.

- c) Total Foreign Exchange earned and used :

The Company has earned Foreign Exchange of Rs. 298.85 Lacs by exporting its products and has spent Rs. 51.76 Lacs for importing raw materials and Rs. 1.03 lacs for travelling expenses in the Current Year.

For and on behalf of the Board,

Place : Ahmedabad.
Date : 27th June, 2002

Ashok Chhajjer
Chairman