

**25<sup>th</sup> ANNUAL REPORT  
2010-11**



**GUJARAT RAFFIA INDUSTRIES LIMITED**

# GUJARAT RAFFIA INDUSTRIES LIMITED

## 25<sup>TH</sup> ANNUAL REPORT 2010-11

**BOARD OF DIRECTORS** : Shri Pradeep Bhutoria Chairman & Managing Director  
Shri Prakash D. Ramnani Director  
Shri Alpesh R. Tripathi Director  
Smt. Sushma P. Bhutoria Director

**AUDITORS** : M/s. Talati & Talati,  
Chartered Accountants,  
Ahmedabad.

**BANKERS** : Syndicate Bank

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

**REGISTRAR AND  
SHARE TRANSFER AGENT** : M/s. Link Intime India Pvt Ltd.,  
211, Sudarshan Complex,  
Near Mithakali Under Bridge,  
Navrangpura,  
Ahmedabad-380 009.

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**NOTICE**

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

Date : 5<sup>th</sup> September, 2011  
 Day : Monday  
 Time : 2.00 p.m.  
 Place : At the Registered Office of the Company  
 at: Plot No.455, Santej-Vadsar Road,  
 Village : Santej, Taluka : Kalol - 382721.  
 Dist : Gandhinagar.

to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as on that date along with the Director's Report and Auditor's Report thereon.
2. To appoint a Director in place of Mrs. Sushma P Bhutoria, who retires by rotation and being eligible, offers her for reappointment.
3. To appoint Auditors and in that connection to pass with or without modification, the following resolution as an Ordinary Resolution.

**"RESLOVED THAT** M/s. P.G. Tulsian & Company, Chartered Accountants, Ahmedabad be and are hereby appointed as the auditors of the Company in place of the retiring Auditors M/s. Talati & Talati, Chartered Accountants, Ahmedabad to hold office until the conclusion of next Annual General Meeting at a remuneration as may be decided by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

**4. REAPPOINTMENT OF MR. PRADEEP BHUTORIA AS MANAGING DIRECTOR:**

To consider and if thought fit to, 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, 316 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, 2012 to 31st December, 2016 on the terms and conditions (as approved by the 'Remuneration Committee') 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."

**By Order of the Board,**

Date :28.07.2011

Place : Santej

**Pradeep Bhutoria**

Chairman & Managing Director

**NOTES:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HERSELF/HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Thursday, the 1<sup>st</sup> Day of September, 2011 to Monday, the 5<sup>th</sup> Day of September, 2011 (both days inclusive).
- 3) 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.
- 4) 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.
- 5) 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. Your

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Company intends to send Annual Report by electronics mode from next year. 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 :28.07.2011

Pradeep Bhutoria

Place : Santej

Chairman & Managing Director

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

#### In respect of Item No. 4:

Shri Pradeep Bhutoria was appointed as Managing Director of the Company for a period of five years from 1st January, 2007.

The Board of Directors, on the recommendation on Remuneration Committee, in their meeting held on 28th July, 2011 has reappointed Shri Pradeep Bhutoria as Managing Director for a further period of five years i.e. from 1st January, 2011 to 31st December, 2016.

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

**I. PERIOD:** The term of the Managing Director shall be for a period of five years from 1st January, 2012 to 31st December, 2016.

#### II. REMUNERATION:

**A. SALARY:** The Managing Director shall be entitled to salary upto Rs. 1,00,000/- per month as may be mutually decided by the Board of Directors of the Company with Mr. Pradeep Bhutoria.

#### B. PERQUISITES:

1. Medical Reimbursement: Medical Reimbursement expenses incurred for the Managing Director and family subject to a ceiling of one month's salary per year or three months salary over a period of three years.
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 for himself and family.
6. Free use of Company's car for Company's business and free telephone facility at residence.
7. Leave Travel Concession for himself and family at a rate not exceeding one month's salary for one year or three month's salary in block of three years.

**C. COMMISSION:** The Managing Director shall be entitled to commission of 1% of the net profits of the Company so that for any year of aggregate of salary, perquisites and commission shall not

exceed the overall ceilings laid down under Section 198 and 309 of the Companies Act, 1956.

III. The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

IV. 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. The headquarter of the Managing Director shall be at Ahmedabad or at such place as the Board of Directors may decided from time to time.

V. **TERMINATION:** The Managing Director may be removed from his office for gross negligence, breach of duty or trust if the Company 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 appointing Shri Pradeep Bhutoria as Managing Director and Draft agreements of appointment are open for inspection at the Registered Office of the Company between 11.00 A. M. to 1.00 P. M. on any working day prior to the date of the meeting.

Shri Pradeep Bhutoria and Smt. Shushma Bhutoria are concerned or interested in the business since it relates to appointment of Shri Pradeep Bhutoria as Managing Director of the Company. Except them, none of the other Directors is in any way concerned or interested in the aforesaid resolution.

By Order of the Board,

Pradeep Bhutoria

Date :28.07.2011

Place : Santej

Chairman & Managing Director

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the Twenty Fifth Annual Report together with the Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2011.

**1. FINANCIAL RESULTS:**

Particulars	(Rs. in lacs) Financial Year Ended 31-03-2011 12 Months	(Rs. in lacs) Period Ended 31-03-2010 15 Months
Operating Profit / Loss (Before Interest and Depreciation)	159.68	218.67
Less : Interest	22.88	43.71
Profit / Loss before Depreciation	136.80	174.96
Less: Depreciation	67.88	74.65
Profit/Loss for the year	68.92	100.31
Add: Extraordinary Income (Net)	0.00	0.00
Add: Prior Period Income	0.00	(0.12)
Profit/Loss before Tax	68.92	100.19
Fringe Benefit Tax	0.00	0.15
Provision for Taxation	12.78	15.48
Profit/Loss after Tax	56.14	84.56

**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, the Company has recorded a total sales of Rs. 27,21,89,696.00 for the financial year 2010-11 as compared to Rs.29,75,50,925.00 for the financial year ended 31<sup>st</sup> March, 2010 (15 months). The Profit before tax for the period under review is Rs. 68,92,116.00 as compared to Rs.1,00,19,452.00 in the previous year. The Profit after tax during the year under review is Rs.56,14,116.00 as against Rs. 84,56,452.00 in the previous financial year ended 31<sup>st</sup> March, 2010 (15 months).

**4. DIRECTORS:**

Mrs. Sushma P. Bhutoria retires by rotation in terms of Article of Association of the company. She, however, being eligible offer herself 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 31<sup>st</sup> March, 2011 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.

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d. The annual accounts have been prepared on going concern basis.

### 6. PERSONNEL:

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

### 7. LISTING:

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

### 8. CORPORATE GOVERNANCE:

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

### 9. DEMATERIALISATION OF EQUITY SHARES:

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

### 10. GENERAL:

#### 10.1 INSURANCE:

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

#### 10.2 AUDITORS:

M/s. Talati & Talati, Chartered Accountants, Ahmedabad, the retiring Auditors of the Company have expressed their unwillingness to be reappointed as the Auditors of the Company. The Board of Directors recommend the appointment of M/s. P.G. Tulsian & Company, Chartered Accountants, Ahmedabad as the statutory Auditors of the Company in place of M/s. Talati & Talati, Chartered Accountants, from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. P.G. Tulsian & Company, Chartered Accountants have also expressed their willingness to act as Auditors of the Company.

We take this opportunity to thank M/s. Talati & Talati, Chartered Accountants, Ahmedabad, for their co-operation & understanding.

#### 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 :28.07.2011  
Place : Santej

**Pradeep Bhutoria**  
Chairman & Managing Director

## ANNEXURE - I

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

Particulars	Current Year	Previous Year
Foreign Exchange Earning	Rs. 10,56,93,397/-	Rs. 7,31,36,129/-
Foreign Exchange Outgo	Rs. 4,86,14,259/-	Rs. 9,44,87,355/-

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

## Annexure-II

SR No.	Particulars	For 31 <sup>st</sup> March, 2011	For, 31 <sup>st</sup> March, 2010
<b>A</b>	<b>Power and Fuel</b>		
1	Electricity		
	<b>a) Purchased</b>		
	Unit	30,95,370	30,70,244
	Total Amount (in lacs)	<b>177.62</b>	214.38
	Rate/Unit (Rs.)	<b>5.71</b>	6.95
	<b>b) Own Generation</b>		
	Through diesel generator		
	Unit	<b>3181</b>	4985
	Total Amount (Rs. In lacs)	<b>0.41</b>	0.64
	Rate/Unit (Rs.)	<b>12.98</b>	12.93
2	Coal	<b>Nil</b>	Nil
3	Furnace oil	<b>Nil</b>	Nil
4	LSHS of HDPE Fabrics/Sheets (Kg.)	<b>Nil</b>	Nil
<b>B</b>	<b>Consumption per Unit of Production Of HDPE fabrics/sheets (kg.)</b>	<b>1.028</b>	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 10th June, 2010 Yes(Y)/ No(N)
Pradeep Bhutoria Chairman & Managing Director	Executive	2	—	06	Y
Alpesh R. Tripathi	Independent Non- executive	—	—	06	Y
Prakash D. Ramnani	Independent Non-executive	—	—	06	Y
Sushma P. Bhutoria	Non Executive	2	—	06	Y

\* Private Companies excluded

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

Name of Director	Sushma Bhutoria
Date of Birth	25-08-1962
Date of Appointment	21-02-2008
Expertise in specific functional areas	Business Administration
List of Public Limited Companies in which Directorships held	Asian Gases Limited Bengal Business Limited
Chairman/Member of the Committees of the Board of the Directors of the Company	Remuneration Committee
Chairman/Member of the Committees of Directors of other companies.	—



**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 28-04-2010, 04-05-2010, 30-07-2010, 30-10-2010, 29-01-2011 and 21-02-2011.

**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 and Internal Auditors were present at the meeting held on 28-04-2010, 04-05-2010, 30-07-2010, 30-10-2010 & 29-01-2011.
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 Companies comprises the following Directors as members:

1. Prakash D. Ramnani, Member- Non- Executive
2. Alpesh R. Tripathi, Member- Non –Executive Independent
3. Smt. Sushma Bhutoria, Member - Non Executive

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs.393600/- to Shri Pradeep Bhutoria, Managing Director during the year 2010-11.
2. The other Directors were not paid sitting fees. No Commission or Stock Option has been offered to the Directors.

**5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:**

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

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

Ms. Dhanlaxmi Nair is the Compliance Officer for the above purpose.

## GUJARAT RAFFIA INDUSTRIES LTD.

### 6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2006-07 (18 months)	01-01-2008	2.00 P.M.	Registered Office : Plot No.455,
2007-08 (15 months)	27-03-2009	2.00 P.M.	Santej-Vadsar Road, Village: Santej,
2009-10 (15 months)	10-06-2010	2.00 P.M.	Taluka : Kalol-382 721, Dist : Gandhinagar.

### 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.
- 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'/ 'Economic 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 31<sup>st</sup> March, 2011, 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 : Monday  
Date : 5<sup>th</sup> September, 2011  
Time : 2.00 p.m.  
Venue : Plot No. 455, Santej - Vadsar Road,  
Village: Santej,  
Taluka : Kalol - 382 721,  
Dist : Gandhinagar.
- Financial Calendar :  
1st Quarter Results : Mid August, 2011.  
Half-yearly Results : Mid November, 2011.  
3<sup>rd</sup> Quarter Results : Mid February, 2012.  
4<sup>th</sup> Quarterly Results : Mid May, 2012.  
Audited yearly Results : End July, 2012.