

GUJARAT RAFFIA INDUSTRIES LIMITED

22ND ANNUAL REPORT 2006-07

BOARD OF DIRECTORS	: Shri Pradeep Bhutoria Shri Prakash D. Ramnani Shri Alpesh R. Tripathi	Chairman & Managing Director Director Director
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AUDITORS	: M/s. Talati & Talati Chartered Accountants, Ahmedabad.
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COMPANY LAW CONSULTANT	: Shilpi Thapar & Associates Practicing Company Secretary Ahmedabad.
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BANKERS	: Bank Of Baroda
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REGISTERED OFFICE & WORKS	: Plot No.455 Santej Vadsar Road, Village:Santej, Taluka:Kalol-382721. Dist:Gandhinagar.
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REGISTRAR AND SHARE TRANSFER AGENT	: M/s. Pinnacle Share Registry Pvt. Ltd., Near Asoka Mills Premises, Naroda Road, Ahmedabad-380025.
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NOTICE

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

Date : 1ST January, 2008
 Day : Tuesday
 Time : 2.00 p.m.
 Place : At the Registered Office of the Company at:
 Plot No.455, Santej-Valsar 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 18 Months period ended 30th September,2007 and the Balance Sheet as on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Prakash Ramnani , 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 Special Resolution:

“RESOLVED that, the whole new set of Memorandum and Articles of Association of the Company, a copy of which is placed before the meeting, duly initialed by the Chairman, be and are hereby approved and adopted as the Memorandum and Articles of Association of the Company in substitution of the existing Memorandum and Articles of Association of the company.”

“ RESOLVED FURTHER THAT Shri Pradeep Bhutoria, Managing Director of the company be and is hereby authorized to sign all such papers, contracts, forms, letters and to do all such acts, matters, deeds to give effect to the aforesaid resolution and to do any other matters consequential thereto.”

By Order of the Board ,

Registered Office:

Plot No.455,Santej-Vadsar Road,
 Village:Santej, Taluka:Kalol-382721
 Dist:Gandhinagar.

Date:1st December,2007

Pradeep Bhutoria
 Chairman & 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 Item No.4 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 Company will remain closed on Monday, the 31st Day of December, 2007.
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 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.

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, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No.4 of the accompanying notice dated 1st December, 2007 and should be taken part of the notice.

In respect to Item No.4:

The Company went for the financial restructuring in form of capital reduction for which Hon'ble High Court of Gujarat passed an order on 21.09.2007 whereby capital of the company is reduced from Rs. 9,98,95,500/- (Rs.10,21,87,000/- being the issued and subscribed capital less forfeited share capital Rs.22,91,500/-) divided into 99,89,550 equity shares of Rs. 10/- each fully paid up to Rs. 4,99,47,750 divided into 99,89,550 equity shares of Rs. 5/- each fully paid up and that such reduction be effected by canceling of Rs. 4,99,47,750 divided into 99,89,550 equity shares of Rs. 5/- each fully paid up.

The said Capital Reduction High Court order is to be included in the Memorandum and Articles of Association of the company and hence, new Memorandum and Articles of Association is to be amended and adopted.

Further, there are certain grammatical, typographical and clerical mistakes which needs to be rectified in the Memorandum and Articles of Association of the Company.

Under the relevant provisions of the Companies Act, 1956, the new set of Memorandum and Articles of Association of the company can be adopted with the approval of its members by passing a special resolution. The Board commends the resolution for altering the Memorandum and Articles of Association of the Company for approval of the members.

Save and except none of the directors of the company are, in any way, concerned or interested in this resolution.

Registered Office:

Plot No.455,Santej-Vadsar Road,
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Dist:Gandhinagar.

Date:1st December,2007

By order of Board,

Pradeep Bhutoria
Chairman & Managing Director



GUJARAT RAFFIA INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors present the Twenty second Annual Report together with the Audited Statement of accounts for the 18 months period ended on 30th September, 2007.

1. Financial Results:

	For the period 1 st April 2006 to 30 th September 2007 (18 Months) (Rs.in Lacs)	For the period 1 st April 2005 to 31 st March 2006(12 Months) (Rs.in Lacs)
Operating Profit/ Loss (Before Interest and Depreciation)	289.55	(120.07)
Add /Less: Interest	53.73	40.49
Profit/Loss before Depreciation	235.82	160.56
Add: Depreciation	99.59	66.35
Profit/Loss for the year	136.23	(226.91)
Less: Extraordinary Income (Net)	0.50	242.14
Less: Prior Period Income	0.12	11.59
Profit/Loss before Tax	136.84	(26.82)
Fringe Benefit Tax	0.61	1.17
Provision for Taxation	---	----
Profit/Loss after Tax	136.23	25.65
Loss Brought forward from previous year	(155.14)	(1427.41)
Profit/Loss carried to Balance Sheet.	(18.91)	(1401.76)

2. Dividend:

Due to conservative financial policy adopted by the company, your directors are unable to recommend any dividend for the year under review.

3. Review of Operations-Production, Sales and Working Results:

The turnover of Fabrics/Sacks/Tarpaulin etc. during the 18 months period under review was Rs. 2944 lacs as compared to Rs. 2079 during 2005-2006. The Company went for financial restructuring in the form of Capital Reduction and got the order from Hon'ble High court of Gujarat for reducing the paid up capital of the company and wiping off the losses of the company.

The Company wiped off its previous carried forward losses to the tune of Rs.1246.63 lacs by utilizing share premium amount and share capital consequent upon capital reduction as per court order.

The operating profit for the 18 months period under review is Rs. 289.55 lacs as compared to operating loss of Rs. (120.07) lacs during previous year. Further, due to increase in turnover during the period under review, the company earned profit after taxation of Rs. 136.23 lacs as compared to Rs.25.64 lacs in the previous year. Further, due to wiping off losses, the profit to be carried forward to Balance Sheet is Rs. 135 lacs as compared to carried forward losses of Rs. 1401.76 lacs during previous year.

Your directors shall strive harder in future to yield better results in future.

4. Directors:

Shri Prakash Ramnani retires by rotation in terms of Article 99 and 100 of Articles of Association of the company. He, however, being eligible offer himself for reappointment. Shri Chandraprakash Jain resigned as director w.e.f 01.02.2007 and Shri Surendra Patwari was appointed as Additional director on 01.02.2007 & ceased to be director due to death w.e.f.08.09.2007. The Board took the note of the same.

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 judgements 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 30th September,2007 and of profit or loss of the company for that period.

- 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 a going concern basis.

6. Extension of Financial Year and Annual General Meeting of the Company:

The company was granted extension of financial year upto 30.09.2007 from the Registrar of Companies Gujarat on 24.04.2007 and for Annual General Meeting upto 25.03.2008 from the Registrar of Companies, Gujarat vide its order dtd. 4.05.2007.

The Board is requested to take note of the same.

7. Capital Reduction and Division of Shares:

The Company planned for its financial restructuring and applied to Hon'ble High Court for reduction of capital and consequently obtained order from High court of Gujarat dtd. 21.09.2007 approving the scheme of reduction of paid up capital of the company from Rs.9,98,95,550/- (Rs.10,21,87,000/- being the issued and subscribed capital less forfeited share capital Rs.22,91,500/-) divided into 99,89,550 equity shares of Rs.10/- each fully paid up to Rs.4,99,47,750/- divided into 99,89,550 equity shares of Rs.5/- each fully paid up. The order was also registered with The Registrar of Companies, Gujarat.

Further, after getting approval of scheme of capital reduction from High Court, the company converted its reduced face value of shares from Rs.5/- each to Rs.10/- per share i.e 99,89,550 equity shares of Rs.5/- each fully paid up to 49,94,775 fully paid equity shares of Rs. 10 each vide special resolution passed in the Extra Ordinary General Meeting dtd. 15th October, 2007.

The Board is requested to take note of the same.

8. Personnel:

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

9. Listing:

The Equity Shares of the Company are listed on the Ahmedabad, Mumbai, Calcutta and National Stock Exchange. The Company has paid Listing Fees to the Stock Exchange/s up to 2006-2007.

10. Corporate Governance:

As per Clause 49 of the Listing Agreement with the Stock Exchange/s, a Management Discussion & Analysis Statement, a report on corporate governance together with Auditors' Certificate regarding compliance of conditions of Corporate Governance form part of the Annual Report.

11. General:**11.1 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.

11.2 Auditors:

The present Auditors of the Company M/s. Talati & Talati, Chartered Accountants, Ahmedabad will retire at the ensuing Annual General Meeting. They have submitted certificate for their eligibility for reappointment under Section 224(1B) of the Companies Act, 1956.

The Notes of the Auditors to the accounts are self explanatory.

11.3 Particulars of Employees:

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

11.4 Deposits:

At the end of the Financial Year under Report, no fixed deposit remained unclaimed by the deposit holder, which was due for repayment.

12. Particulars as required under The Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, is as per Annexure 1 annexed herewith.

13. Acknowledgement:

Your Directors express their sincere gratitude for the assistance and cooperation 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 level towards achievements of the Company's goals.

By Order of the Board,

Registered Office:

Plot No.455, Santej-Vadsar Road,
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Dist: Gandhinagar.

Date: 1st December, 2007

Pradeep Bhutoria
Chairman & Managing Director

GUJARAT RAFFIA INDUSTRIES LIMITED

Annexure -1.

A. Conservation of Energy:

a) Energy consumption measures taken, additional properties and its impact.

The Company has installed 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

	For the period 1 st April 2005 to 30 th September 2007 (18 Months)	For the period 1 st April 2005 to 31 st March 2006(12 Months)
1. Electricity:		
a) Purchased		
Unit	35,31.067	26,63,943
Total amount (in lacs)	167.65	128.02
Rate/Unit Rs.	4.75	4.80
b) Own generation		
Through Diesel Generator		
Unit	4959	1,15,566
Total Amount (Rs. In lacs)	0.63	8.84
Rate/Unit Rs.	12.70	7.65
2. Coal	Nil	Nil
3. Furnace oil	Nil	Nil
4. LSHS	Nil	Nil
B. Consumption per Unit of Production Of HDPE fabrics/sheets(kg.)	0.905	1.276

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. 1134.05 Lacs which is likely to increase in the year 2007-2008. The management is in active discussion with the potential customers in foreign countries.

c) Total Foreign Exchange earned and used.

The Company has earned Foreign Exchange of Rs. 567.56 Lacs by exporting its products and has spent Rs.282.53 lacs for importing raw materials in the current year.

By Order of the Board,

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Date: 1st December,2007

Pradeep Bhutoria
Chairman & Managing Director

