

GUJARAT RAFFIA INDUSTRIES LIMITED

23RD ANNUAL REPORT 2007-08

BOARD OF DIRECTORS	Shri Pradeep Bhutoria	Chairman & MD
	Shri Prakash D. Ramnani	Director
	Shri Alpesh R. Tripathi	Director
	Smt. Sushma P.Bhutoria	Additional Director
AUDITORS	M/s. Talati & Talati Chartered Accountants, Ahmedabad.	
BANKERS	Syndicate Bank	
REGISTERED OFFICE	Plot No.455 Santej Vadsar Road, Village:Santej, Taluka:Kalol-382721. Dist:Gandhinagar.	
REGISTRAR AND SHARE TRANSFER AGENT	M/s. Pinnacle Share Registry Pvt. Ltd., Near Asoka Mills Premises, Naroda Road, Ahmedabad- 380025.	

NOTICE

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

Date : 27th March, 2009
 Day : Friday
 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 year ended 31st December, 2008 and the Balance Sheet as on that date along with the Director's Report and Auditor's Report thereon for the period of 15 months.
2. To appoint a Director in place of Mr. Alpesh Tripathi, who retires by rotation and being eligible, offers him for reappointment.
3. To appoint Auditors and fix their remuneration :

To consider and if thought fit, to pass with or without modification, the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 (1) and other applicable provisions, if any, of the Companies Act, 1956, M/s. Talati & Talati, Chartered Accountants be and are hereby appointed as 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, to examine and audit the books of accounts of the company for the financial year 2008-09 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors of the company.

4. Appointment of Mrs. Sushma Pradeep Bhutoria as a Director of the Company

To consider and if thought fit, to pass with or without modification, the following resolution as ordinary resolution:

"RESOLVED THAT Mrs. Sushma Pradeep Bhutoria who was appointed as an Additional Director of the Company w.e.f 21/02/2008 by the Board of Directors and who holds office upto the date of forthcoming Annual General Meeting of the Company under Section 260 of the Companies act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing

under Section 257 of the Act from a Member proposing her candidature, for the office of the director of the Company be and are hereby appointed as the director of the Company.

By Order of the Board,



Pradeep Bhutoria
Chairman & Managing Director

Date: 21.01.2009
Place: Santej

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 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.
3. Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book Company will remain closed on Friday, the 20th Day of March to 23rd Day of March, 2009.
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.

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 27th March, 2009 and should be taken part of the notice.

In respect to Item No.4:

Mrs. Sushma Pradeep Bhutoria was appointed as the additional director on the board w.e.f 21st day of February, 2008. In terms of Section 260 of The Companies Act, 1956, Mrs. Sushma Pradeep Bhutoria, holds office only up to the date of this Annual General Meeting.

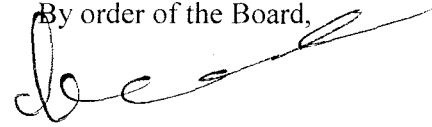
The Company has received a Notice under section 257 of the Companies Act, 1956 proposing Mrs. Sushma Pradeep Bhutoria as Director at the forthcoming Annual General Meeting subject to retirement by rotation. The Board commends her appointment as the director of the company to the members.

None of the directors of the company may be deemed to be concerned or interested in the proposed matter except Mr. Pradeep Bhutoria.

Date: 21.01.2009

Place: Santej

By order of the Board,



Pradeep Bhutoria
Chairman & Managing Director

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GUJARAT RAFFIA INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors present the Twenty Third Annual Report together with the Audited Statement of accounts for the 15 months period ended on 31st December, 2008.

1. Financial Results:

	(Rs.in Lacs) Period Ended 31-12-2008 15 Months	(Rs.in Lacs) Period Ended 30-09-2007 18 Months
Operating Profit/ Loss (Before Interest and Depreciation)	218.80	293.21
Less: Interest	58.16	57.38
Profit/Loss before Depreciation	160.64	235.82
Less: Depreciation	84.60	99.60
Profit/Loss for the year	76.04	136.23
Add: Extraordinary Income (Net)	0.00	0.50
Add: Prior Period Income	0.32	0.12
Profit/Loss before Tax	75.72	136.84
Fringe Benefit Tax	0.65	0.61
Provision for Taxation	13.5	---
Profit/Loss after Tax	61.57	136.23

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 directors report that during the year under review, inspite of economic slowdown the Company has recorded a total sales of Rs. 290,082,711/- as compared to Rs. 294,424,175/- and earned other income of Rs. 4,795,782/- as compared to Rs. 2,070,489/- for 18 months ended 30.09.2007. The Profit before tax for the period under review is Rs. 75,71,831/- as compared to Rs. 1,36,84,038/- in the previous which is gone down by 33.60 % due to

inflation causing impact on the cost of raw materials. The Profit after tax during the year under review is Rs. 61,56,831/- as against Rs. 1,36,23,279/- in the previous year 2006-07.

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

4. Directors:

Shri Alpeshkumar Tripathi retires by rotation in terms of Articles of Association of the company. He, however, being eligible offer himself for reappointment. Mrs Sushma Pradeep Bhutoria was appointed as an additional director w.e.f 21.02.2008 and is proposed to be appointed as a director of the company in the Annual General Meeting subject to retirement by rotation.

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 December, 2008 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. 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:

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.

9. General:

9.1 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.

9.2 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.

9.3 Particulars of Employees:

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

10. 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**.

11. Acknowledgement:

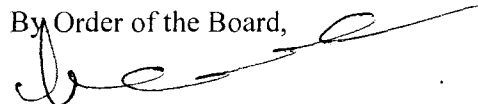
Your Directors express their sincere gratitude for the assistance and cooperation extended by Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.

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.

Date:

Place: Santej

By Order of the Board,



Pradeep Bhutoria
Chairman & Managing Director

GUJARAT RAFIA INDUSTRIES LIMITED

Annexure-1

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. 5,71,61,379/-	Rs. 5,67,56,668/-
Foreign Exchange Outgo	Rs. 2,83,45,900/-	Rs. 3,55,89,574/-

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

Annexure-II.

SR No.	Particulars	For 31 st December, 2008	For, 30 th September, 2007
A	Power and Fuel		
1	Electricity		
	a) Purchased	29,55,370	35,31,067
	Unit		
	Total Amount in (lacs)	159.15	167.65
	Rate/Unit (Rs.)	5.38	4.75
	b) Own Generation		
	Through diesel generator	3712	4959
	Unit		
	Total Amount (Rs. In lacs)	0.49	0.63
	Rate/Unit (Rs.)	13.20	12.70
2	Coal	Nil	Nil
3	Furnace oil	Nil	Nil
4	LSHS	Nil	Nil
B	Consumption per Unit of Production Of HDPE fabrics/sheets (kg.)	0.896	0.905

GUJARAT RAFFIA INDUSTRIES LIMITED

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 values 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 Directorships*	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meeting attended	Attendance at the AGM held on 01.01.2008.
Pradeep Bhutoria (Chairman & Managing Director)	Executive	3	2	19	Yes
Alpesh R. Tripathi (Director)	Independent Non-Executive	----	----	19	Yes
Prakash D. Ramnani	Independent Non Executive	1	----	19	Yes
Sushma P. Bhutoria	Non Executive	2	----	10	No

(Appointed as additional director w.e.f 21.02.2008)					
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* Private Companies excluded.

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

Name of Director	Alpeshkumar Tripathi.	Sushma Bhutoria
Date of Birth	03.08.1970	25.08.1962
Date of appointment	01.04.2001	21.02.2008
Expertise in specific functional areas	Marketing and Administration	Business Administration
List of Public Limited Companies in which Directorships held	NIL	Asian Gases Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee & Remuneration Committee.	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 03.10.2007, 15.10.2007, 25.10.2007, 29.10.2007, 01.12.2007, 29.12.2007, 16.01.2008, 31.01.2008, 21.02.2008, 21.03.2008, 23.04.2008, 29.04.2008, 27.05.2008, 03.06.2008, 26.06.2008, 29.07.2008, 15.09.2008, 24.10.2008, 26.12.2008.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Pradeep Bhutoria Prakash D. Ramnani Alpesh R. Tripathi	All members are Non-executive, Chairman is independent Director and majorities are independent. Two members have	The functions of the Audit Committee are as per company law and listing agreement with Stock Exchange(s) which include approving	All the members and Internal Auditors were present at the meeting held on 29.10.2007, 31.01.2008, 29.04.2008,