

**29TH ANNUAL REPORT
2012-13**

G C I L

Gujarat Craft Industries Limited



GUJARAT CRAFT INDUSTRIES LIMITED

29TH ANNUAL REPORT 2012-13

BOARD OF DIRECTORS	: Mr. Ashok Chhajer Mr. Rishab Chhajer Mr. Binod Chhajer Mr. Kashyap R. Mehta Mr. Anilkumar Bhandari Mr. Alpesh R. Tripathi	Chairman & Managing Director Joint Managing Director Director Director Director Director
AUDITORS	: M/s. Kantilal Patel & Co., (A member firm of Polaris International, USA) Chartered Accountants, Ahmedabad.	
BANKERS	: State Bank of India	
REGISTERED OFFICE & WORKS	: Plot No.431, 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.	
REGISTRAR AND SHARETRANSFER AGENTS	: M/s. Link Intime (India) Private Limited Unit No. 303, 3 rd floor Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers plaza II, Off. C. G. Road, Ahmedabad - 380 009	

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NOTICE

NOTICE is hereby given that the **29TH ANNUAL GENERAL MEETING** of the Members of **GUJARAT CRAFT INDUSTRIES LIMITED** will be held as scheduled below:

Date : 28th September, 2013
Day : Saturday
Time : 12.00 Noon
Place : At the Registered Office of the Company at:
Plot No.431, 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 Statement of Profit and Loss for the year ended 31st March, 2013 and the Balance Sheet as on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Mr. Binod 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 the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act,1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of State Bank of India ('the Bank') to secure financial assistance in the form of working capital facilities / term loan or any other manner of Rs. 3337 Lacs (Total of all advance limits) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under the Agreements entered into/to be entered into by the Company in respect of the said financial assistance."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

Registered Office:

Plot No. 431,
Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.
Date : 16th July, 2013

By Order of the Board,

Ashok Chhajer
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 REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Saturday, the 7th September, 2013 to Saturday, the 28th September, 2013 (both days inclusive).
4. Members 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.
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 INE372D01019.

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 Item No. 4 of the accompanying notice dated 16th July, 2013 and should be taken as forming part of the notice.

In respect of Item No. 4 :

State Bank of India ('the Bank') has renewed/enhanced Term Loan and Working Capital facilities of ` 3337 Lacs. The facilities are to be secured by hypothecation / pledge of entire goods, movables and other assets and further secured by deposit of title deeds of the existing immovable properties of the Company with intent to create a security in favour of the Bank.

Section 293(1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Agreements, Deed of Hypothecation, Mortgage Deed and copies of the relevant documents/ correspondence between the Bank and the Company 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.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Registered Office:

Plot No. 431,
Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.
Date : 16th July, 2013

By Order of the Board,

Ashok Chhajer
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 29th Annual Report together with the Audited Statement of Accounts for the Financial Year 2012-13 ended on 31st March, 2013.

1. FINANCIAL RESULTS:

Particulars	(` in lacs)	
	2012-13	2011-12
Operating Profit (Before Interest & Depreciation)	518.53	361.18
Less : Financial Expenses	231.31	169.34
Profit before Depreciation	287.22	191.84
Less : Depreciation	125.82	93.75
Profit before tax	161.40	98.09
Less : Provision for current Tax (after MAT credit)	37.67	4.49
Less : Deferred Tax Liability	13.11	26.57
Less : Income Tax of Earlier Years	-	0.24
Profit after tax	110.62	66.79
Add: Balance Brought Forward from Previous year	354.63	287.84
Balance carried to Balance Sheet	465.25	354.63

2. DIVIDEND:

With a view to conserve the resources for the working capital requirement of the Company, the Board of Directors have not recommended dividend for the year under review.

3. REVIEW OF OPERATIONS:

The Production of PP/HDPE-Fabrics/Sacks/ Tarpaulin was 5,885 M.T. during the year under review against 5,075 M.T. during 2011-12. The Gross Sales during the year under review was ` 6996 lacs compared to ` 5458 lacs during 2011-12.

The Operating Profit (Before Interest and Depreciation) was ` 518.53 lacs during the year under review compared to ` 361.18 lacs during 2011-12 showing an increase of 43.57%. The Profit before Tax for the year under review was ` 161.40 lacs against ` 98.09 lacs during 2011-12. The Net Profit of the Company stood at ` 110.62 lacs compared to ` 66.79 lacs for the year 2011-12 showing an increase of 65.62%.

The company has made export of material worth ` 2387 lacs during the year under review compared to ` 2134 lacs during 2011-12. The management is of the firm opinion that during the current year, the export market will improve and in turn, the exports of the Company will increase to a greater extent.

The installed capacity of PP/HDPE-Fabrics/Sacks/Tarpaulin was increased from 4500 M.T. per annum to 5750 M.T. per annum.

4. RECOGNITION AS EXPORT HOUSE:

The Director General of Foreign Trade, on the basis of Export performance of the Company, has accorded / recognised the Company as Export House.

5. FINANCE:

The Company is enjoying Financial Assistance in the form of term loans and working capital facilities from State Bank of India, Ahmedabad.

6. DIRECTORS:

One of your Directors viz. Mr. Binod Chhajer retires by rotation in terms of Articles 153 and 154 of the Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

7. 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 along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2013 being end of the Financial Year 2012-13 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.

8. ALLOTMENT OF 17,75,000 CONVERTIBLE EQUITY WARRANTS TO PROMOTERS ON PREFERENTIAL BASIS:

The Company, after obtaining necessary approvals, have allotted 17,75,000 Equity Warrants of ` 10/- each at premium of ` 17/- per Equity Warrant on 6th March, 2013 to Promoters and Promoters' Group on Preferential Basis after complying guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009. The said 17,75,000 Equity Warrants are convertible in to 17,75,000 Equity Shares within 18 months of allotment of Equity Warrants.

9. ALLOTMENT OF 4,30,000 EQUITY SHARES OF RS. 10/- EACH AT PREMIUM OF ` 17/- PER SHARE:

The Company allotted 17,75,000 Convertible Equity Warrants of ` 10/- each at premium of ` 17/- per Warrant on 6th March, 2013 to Promoters and Promoters' Group after complying with all necessary procedures and guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009 as shown in Paragraph 8 above.

Pursuant to the condition stipulated for conversion option of Equity Warrants in to Equity Shares within 18 months from the date of allotment, Equity Warrant Holders have exercised their option to convert their part holding of 4,30,000 Equity Warrants in to 4,30,000 Equity Shares on 15th March, 2013 after complying with all necessary formalities. These Equity Shares have been also listed at Ahmedabad Stock Exchange Limited, BSE Limited and Madras Stock Exchange Limited. The balance 13,45,000 Convertible Equity Warrants may be converted in to 13,45,000 Equity Shares within 18 months of allotment of Equity Warrants at the option of Equity Warrant Holders.

10. DEMATERIALISATION OF EQUITY SHARES:

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Shareholders have an option to dematerialise their shares with either of the depositories. The ISIN No. allotted to the Equity Shares of the Company is INE372D01019.

11. LISTING:

The Equity Shares of the Company are listed on Ahmedabad Stock Exchange Limited, BSE Limited, and Madras Stock Exchange Limited and the Company has paid Annual Listing Fees up to the year 2013-14.

12. CORPORATE GOVERNANCE:

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

13. ALTERATION IN THE ARTICLES OF ASSOCIATION:

The Company, after obtaining necessary approval of the Members at the Extra Ordinary General Meeting, has altered its Articles of Association by inserting Article 6(g) relating to Equity Warrants Disposal.

14. GENERAL:

14.1 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.

14.2 AUDITORS:

The present Auditors of the Company M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad will retire at the ensuing Annual General meeting. They have submitted their eligibility for reappointment under section 224(1-B) of the Companies Act, 1956. The Members are advised to appoint Auditors at the ensuing Annual General Meeting. The remarks of Auditors are self explanatory.

14.3 PARTICULARS OF EMPLOYEES:

There is no employee drawing remuneration, which requires disclosures under the Companies (Particulars of Employees) Rules, 1975.

14.4 DEPOSITS:

The Company has not accepted any Deposits from general public or from Shareholders during the year under review.

15. PERSONNEL:

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

16. COMPLIANCE CERTIFICATE UNDER THE COMPANIES ACT, 1956:

Your Company has obtained Compliance Certificate as required under the Proviso to Section 383A of the Companies Act, 1956 from M/s. Pinakin Shah & Co, Company Secretaries, Ahmedabad which is attached to the Directors' Report.

17. 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 HERE WITH:

18. 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 : 16th July, 2013.

Ashok Chhajjer
Chairman & Managing Director

A. CONSERVATION OF ENERGY :

- a) Energy consumption measures taken, Additional Proposals 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**

	Current Year 2012-13	Previous Year 2011-12
1. Electricity		
a) Purchased		
Unit	4888110	3926314
Total amount (` in Lacs)	321.39	250.24
Rate/Unit `	6.58	6.37
b) Own generation		
Through Diesel Generator		
Unit	Nil	Nil
Total Amount (` in Lacs)	Nil	Nil
Rate/Unit `	Nil	Nil
c) Own generation		
Through Gas		
Unit	Nil	Nil
Total Amount (` in Lacs)	Nil	Nil
Rate/Unit `	Nil	Nil
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. LSHS (Rs. in Lacs)	Nil	Nil
B. Consumption per Unit of Production of HDPE/Fabrics/Sacks (K.G.)	1.2039	1.292

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 material worth ` 2734.68 Lacs during the year under review. The visits of Directors/ officers to the prospective customers in the foreign countries are being planned to have face to face discussions and quick decision relating to exports.

- c) Total Foreign Exchange earned and used.

The Company has earned Foreign Exchange of ` 2386.96 Lacs during the year under review by way of export and has spent ` 12.39 lacs for commission and for foreign travelling.

for and on behalf of the Board,

Ashok Chhajer

Chairman & Managing Director

Place : Ahmedabad.
Date : 16th July, 2013.

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. 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-a-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 Meetings attended	Attendance at the AGM. held on 27-09-2012 Yes(Y)/No(N)
Ashok Chhajer Chairman & Managing Director	Promoter-Executive	3	Member:1	10	Y
Rishab Chhajer Joint Managing Director	Promoter-Executive	—	—	9	Y
Binod Chhajer	Promoter-Non- Executive	—	—	10	Y
Kashyap R. Mehta	Independent Non- executive	3	Chairman:4 Member:1	10	Y
Anilkumar Bhandari	Independent Non- executive	2	—	10	N
Alpesh R. Tripathi	Independent Non- executive	—	—	10	N

* Private companies excluded.

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

Name of Director	Binod Chhajer
Date of Birth	30-07-1957
Date of Appointment	03-04-1990
Expertise in specific functional areas	Finance & Marketing and Management
List of Public Limited Companies in which Directorships held	-
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee, Remuneration Committee and Shareholders Grievance Committee

c) Board Procedures:

The Board of Directors meets once a quarter 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, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 09-05-2012, 30-05-2012, 16-07-2012, 07-08-2012, 14-08-2012, 06-11-2012, 14-01-2013, 13-02-2013, 06-03-2013 and 15-03-2013.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Alpesh R. Tripathi	All members are Non-executive. Chairman is independent Director and majority is independent. One member has 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, 06-11-2012 & 13-02-2013.
Binod Chhajer			
Kashyap R. Mehta			

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:

1. Mr. Alpesh R. Tripathi, Chairman - Non-executive Independent
2. Mr. Binod Chhajer, Member - Non-executive
3. Mr. Kashyap R. Mehta, Member - Non-executive Independent

All the members attended the meetings held on 14-08-2012 and 13-02-2013.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of ` 19.80 lacs to Managing Director/ Joint Managing Director during the year 2012-13.
2. No Sitting Fees, 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, Dividend Warrants etc.

Mr. Binod Chhajer, Director and Mr. Kashyap R. Mehta, Director are the Members of the Committee.

The Company has not received any complaints during the year. There was no valid request for transfer of shares pending as on 31st March, 2013.

Mr. Ashok Chhajer, Managing Director is the Compliance Officer for the above purpose.

6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2009-2010	25-09-2010	12.00 Noon.	Plot No.431, Santej-Vadsar Road, Village: Santej, Taluka : Kalol-382 721, Dist : Gandhinagar.
2010-2011	24-09-2011	12.00 Noon.	
2011-2012	27-09-2012	12.00 noon	

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

7. DISCLOSURES:

- a) 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. The Company has no subsidiary.
- b) There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture 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:

- a) In compliance with the requirements of the Listing Agreement, the Company 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 are not sent individually to the Shareholders.
- b) During the year ended on 31st March, 2013 no presentations were made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and Analysis form part of the Annual Report.

9. SHAREHOLDERS' INFORMATION:

- a) Registered Office : Plot No.431, Santej-Vadsar Road,
Village: Santej,
Taluka : Kalol-382 721,
Dist : Gandhinagar.
- b) Annual General Meeting : Day : Saturday
Date : 28th September, 2013
Time : 12.00 Noon.
Venue : Plot No. 431,
Santej - Vadsar Road,
Village: Santej,
Taluka : Kalol - 382 721,
Dist : Gandhinagar.
- c) Financial Calendar :
1st Quarter Results : Mid - August, 2013.
Half-yearly Results : Mid - November, 2013.
3rd Quarter Results : Mid - February, 2014.
Audited yearly Results : End - May, 2014.
- d) Book Closure Dates : From : Saturday,
the 7th September, 2013
To : Saturday,
the 28th September, 2013.
(Both days inclusive).
- e) Dividend Payment Date : The Company has not declared Dividend
- f) Listing of Shares on Stock Exchanges : 1. Ahmedabad Stock Exchange Limited,
Kamdhenu Complex, 1st Floor,
Opp. Sahajanand College, Panjara Pole,
Ambawadi, Ahmedabad - 380 015.
2. BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001.
3. Madras Stock Exchange Limited,
'Exchange Building'
Post Box No.183
11, Second Line Beach,
Chennai-600 001.

g) Stock Exchange Code	:	<u>Stock Exchange</u>	<u>Code</u>
		ASE	20214
		BSE	526965
		MSE	GCD

- h) 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) Private Limited,

Unit No 303 , 3rd floor Shoppers Plaza V, Opp. Municipal Market,
Behind Shoppers Plaza II,
Off C. G. Road, Ahmedabad – 380 009.
Tele. No. :(079) 2646 5179 Fax No. :(079) 2646 5179
e-mail Address:ahmedabad@linkintime.co.in

- i) ISIN : INE372D01019
- j) Share Transfer System :
The transfer of shares in physical form is processed and completed by M/s. Link Intime (India) Private Limited. within a period of 15 days from the date of receipt thereof.
- k) Stock Price Data : The shares of the Company were traded on BSE Limited.

The information on stock price data are as under:

Month	BSE		
	High (₹)	Low (₹)	Shares Traded (No.)
April, 2012	10.16	9.22	978
May, 2012	-	-	-
June, 2012	-	-	-
July, 2012	-	-	-
August, 2012	-	-	-
September, 2012	10.59	10.07	250
October, 2012	10.04	7.24	2,115
November, 2012	9.22	6.59	3,612
December, 2012	9.56	7.51	3,333
January, 2013	11.04	9.09	2,401
February, 2013	10.00	9.51	700
March, 2013	10.42	7.80	15,887

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

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	4883	95.09	642061	20.62
501 to 1000	126	2.45	100863	3.24
1001 to 2000	62	1.21	90776	2.92
2001 to 3000	25	0.49	63190	2.03
3001 to 4000	10	0.19	36443	1.17
4001 to 5000	6	0.12	28200	0.91
5001 to 10000	9	0.18	65378	2.10
10001 & Above	14	0.27	2086389	67.01
Grand Total	5135	100.00	3113300	100.00

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

Category	No. of Shares held	% of Shareholding
Promoters	2263990	63.89
Financial Institutions/Banks	—	—
Bodies Corporate	7566	0.22
NRIs, Clearing Members	5015	0.14
Publics	1266729	35.75
Grand Total	3543300	100.00

n) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ ADRs but has issued 17,75,000 convertible Equity Warrants of which 13,45,000 Equity Warrants are pending for conversion in to Equity Shares.

o) Dematerialisation of : The Company has entered into Shares Agreement with NSDL / CDSL for Dematerialisation of Shares.
As on 31st March, 2013, a total of 27,49,100 Shares of the Company which form 78% of the Share Capital of Company stands dematerialised.

10. PLANT LOCATIONS:

The Company's Plant is situated at:
Plot No. 431, Santej - Vadsar Road, Village: Santej,
Taluka : Kalol - 382 721, Dist : Gandhinagar.

11. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:
M/s. Link Intime (India) Private Limited.
Unit No 303, 3rd floor Shoppers Plaza V,
Opp. Municipal Market, Behind Shoppers Plaza II,
Off C. G. Road,, Ahmedabad – 380 009.
Tele. No. :(079) 2646 5179
Fax No. :(079) 2646 5179
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. 431, Santej - Vadsar Road, Village: Santej,
Taluka : Kalol - 382 721, Dist : Gandhinagar.
Telephone Nos.:(02764) 28 66 73, (02764) 28 61 21
Fax No. :(02764) 28 66 74

Compliance Officer : Mr. Ashok Chhajer, Managing Director

for and on behalf of the Board,

Place : Ahmedabad.
Date : 16th July, 2013.

Ashok Chhajer
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Gujarat Craft Industries Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Gujarat Craft 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 in all materials respects with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances is pending for period exceeding one month against the Company as per the records maintained 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 PINAKIN SHAH & CO.
Company Secretaries

Place : Ahmedabad
Date : 16th July, 2013

PINAKIN SHAH
Proprietor
COP 2932

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Developments:

The industry is dependent on performance of core sectors like agriculture, fertilizer, cement and exports. 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 benefited by 40% relaxation of Jute Mandatory and Packaging Order which will enable Food Corporation of India and other agencies to pack 40% of food grains in HDPE/PP Bags. 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 50% of its production.

c. Segment wise Performance:

The Company is operating only in one segment. The production/ turnover/performance of the Company have been disclosed in the Directors' Report under the Head 'Production, Sales and Working Results'.

d. Recent Trend and Future Outlook:

The recent trend is quite favourable for the industry in view of good monsoon 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 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 2012-13 is described in the Directors' Report under the head 'Review of Operations'.

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, estimates and expectations may constitute 'Forward 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,

Place : Ahmedabad.
Date : 16th July, 2013

Ashok Chhajer
Chairman & Managing Director

FORM
[SEE RULE 3]
Compliance Certificate

To,
The Members,
Gujarat Craft Industries Limited,
Plot No. 431, Santej – Vadsar Road,
Village: Santej, Taluka: Kalol – 382 721.
Dist.: Gandhinagar

We have examined the registers, records, books and papers of Gujarat Craft Industries Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is Public Limited Company with its equity shares listed on Ahmedabad Stock Exchange Limited, BSE Limited & Madras Stock Exchange Limited.
4. The Board of Directors duly met ten times on 9th May, 2012, 30th May, 2012, 16th July, 2012, 7th August, 2012, 14th August, 2012, 6th November, 2012, 14th January, 2013, 13th February, 2013, 6th March, 2013 and 15th March, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. The Company has not passed any circular resolution during the year.
5. The Company closed its Register of Members from Saturday, the 8th September, 2012 to Thursday, 27th September, 2012 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 27th September, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company held an Extraordinary General Meeting on 23rd February, 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced loan to its directors and/or persons or firms or Companies referred in the Section 295 of the Act.
9. The Company has not entered into any contract with related parties requiring approval of the Central Government within the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act during the year under review, the Company has not obtained any approvals from the Board of Directors, members or the Central Government as the case may be.
12. The Company has issued duplicate share certificates during the financial year after complying with necessary provisions of the Act.

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13. The Company has:
 - a. delivered Certificates during stipulated time in connection with allotment of securities during the year under review and have delivered certificates within stipulated time in connection with securities which were lodged for transfer/transmission or for any other purpose during the year under review.
 - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - c. not posted any warrants to any members of the company as no dividend was declared during the financial year.
 - d. not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures, and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 (seven) years to Investor Education and Protection Fund as there were no such amounts.
 - e. duly complied with the requirements of Section 217 of the Act.
 14. The Board of Directors of the Company is duly constituted and there was no appointment of directors, additional director or director to fill casual vacancy during the financial year.
 15. The Company has not made appointment/reappointment of Executive Director/Whole Time Director during the year.
 16. The Company has not appointed any sole selling agent during the financial year.
 17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
 18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company issued 17,75,000 Equity warrants on Preferential basis to Promoters and Promoters Group during the year under review after complying with necessary provisions of the Act and applicable guidelines and have allotted 4,30,000 Equity Shares at ` 10/- each at a Premium of ` 17/- upon conversion of 4,30,000 Equity warrants during the financial year after complying with necessary provisions of the Act and applicable guidelines.
 20. The Company has not bought back any shares during the financial year.
 21. The Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
 22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The Company has not accepted or invited any deposit including unsecured loans falling within the purview of Section 58A of the Companies Act, 1956 during the year and hence no comments are offered for the same.
 24. The Company has not borrowed during the period under review any money from members or public, hence no comments are offered for the same. The Company has not invited any deposit during the year under review. The amount borrowed by the Company from Directors, financial institutions, banks and others, as the case may be, during the financial year ending on 31st March, 2013 were within the borrowing limits of the company as prescribed under section 293 (1) (d) of the Act.
 25. During the year the Company has not made any loans or made investment or given guarantee or provided securities to other body corporate.
 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
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27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association by inserting Article 6(g) during the year under scrutiny after complying with necessary provisions of the Act.
31. There has not been any prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and there was no fines and penalties or any other punishment imposed on the Company in such cases.
32. The Company has not received any amount as security from its employees during the year under certification and hence the question of deposit of the same as per provisions of Section 417(1) of the Act does not arise.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For PINAKIN SHAH & CO.
Company Secretaries

Place : Ahmedabad
Date : 16th July, 2013

PINAKIN SHAH
Proprietor
COP 2932

Annexure - A

LIST OF REGISTERS AS MAINTAINED BY THE COMPANY:

1. Register of charges under section 143
2. Register of members under Section 150
3. Index of Members under section 151
4. Minutes book of General Meeting under section 193
5. Minutes book of Board meeting under section 193
6. Minutes books of Committee meetings under section 193
7. Books of Accounts under section 209
8. Register of contracts under section 301
9. Register of general notice of directors under section 301(3)
10. Register of Directors etc. under section 303
11. Register of Directors' shareholding under section 307
12. Register of Intercorporate Loans etc. under section 372A
13. Register of renewed and duplicate certificates under Rules 7 of the Companies (Issue of Share Certificates) Rules, 1960

Annexure – B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during/relating to the financial year ending on 31st March, 2013

A. REGISTRAR OF COMPANIES, GUJARAT:

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time ?
1.	62	Rule 4(A)	Statement in lieu of Advertisement	26-07-2012	Yes
2	8	135	Particulars for modification of Hypothecation of Charge dated 08-08-2012	22-08-2012	Yes
3	8	135	Particulars for modification of charge of Equitable Mortgage dated 08-08-2012	22-08-2012	Yes
4	23	269, 198 and 293 (1)(a)	Re-appointment of Managing Director and Resolution regarding Financial Assistance.	28-09-2012	Yes
5	66	383A	Compliance Certificate for the financial year ended 31 st March, 2013	28-09-2012	Yes
6	20B	159	Annual Return made up to 27 th September, 2012	01-10-2012	Yes
7	23 AC & ACA - XBRL	220	Balance Sheet as on 31 st March, 2012 and the Statement of Profit & Loss with all annexure and attachments	07-12-2012	Yes
8	23	81	Resolution in connection with Allotment of Equity Warrants	23-02-2013	Yes
9	2	75	Return of Allotment dated 15-03-2013	18-03-2013	Yes

B. REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES**NIL**

For PINAKIN SHAH & CO.
Company Secretaries

Place : Ahmedabad
Date : 16th July, 2013

PINAKIN SHAH
Proprietor
COP 2932

AUDITORS' REPORT

To,
The Members of
Gujarat Craft Industries Limited,
Ahmedabad

Report on the Financial Statements

We have audited the accompanying financial statements of Gujarat Craft Industries Limited 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. 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 have 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 statement Profit and Loss, 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 Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies ("Auditor's Report) (Amendment) order, 2004 (together 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;
- 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.

For **KANTILAL PATEL & Co.**
Chartered Accountants
Firm Registration No. 104744W

Place : Ahmedabad
Date : 30th May, 2013

[Gopal S. Baldi]
Partner
Membership No.: 125930

ANNEXURE REFERRED TO IN INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF GUJARAT CRAFT INDUSTRIES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013.

1. (a) Fixed Assets register is under compilation.
(b) We are informed by the management that they have verified the fixed assets during the year. However, in absence of proper fixed assets register material discrepancies if any, could not be noticed between physical verification and book records. Hence, the fixed assets as appearing in books of account are carried in financial statements.
(c) The Company has not disposed off any major part of the fixed assets during the year and as such the going concern concept is not affected.
2. (a) As explained to us, the inventory have been physically verified during the year by the management. In respect of inventories lying with third parties, inventories have been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the 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 inventory and the discrepancies noticed on such physical verification between physical stocks and book records were not material and have been adequately dealt with in the books of account.
3. In respect of loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
(a) The company has granted unsecured demand loans, to companies listed in the register maintained under section 301 of the Act. The number of companies to whom loans granted during the year is two. The maximum amount involved during the year was ` 2,961 ('000) and year-end balance of loans given to such companies is ` 389 ('000).
(b) The company has taken unsecured loans, from companies listed in the register maintained under section 301 of the Act. The number of companies from whom loans taken during the year is nine. The maximum amount involved during the year was ` 78,735 ('000) and the year-end balance of loans taken from such companies is ` 42,183 ('000).

- (c) In our opinion, the rate of interest and other terms and conditions of such loans given to and taken by the company, are prima facie not prejudicial to the interest of the company. Interest and principal amount is repaid / repayable by the companies as agreed in contract.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. In respect of contracts or 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 particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act during the year.
6. The company has not accepted deposits from public during the year under audit hence the directives issued by Reserve Bank of India and provisions of section 58A & 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however made a detailed examination of records with a view to determine whether they are accurate or complete.
9. (a) The company is generally regular in depositing undisputed provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, wherever applicable, have been generally regularly deposited with the appropriate authorities, except slight delay in a few cases of provident fund under the Provident Fund Act and Income Tax under the Income Tax Act 1961.
- (b) According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding except for Income tax amounting to ` 837 ('000) as at 31st March, 2013 for a period of more than six months from the date they become payable.
- (c) The disputed statutory dues aggregating to ` 9,024 ('000) have not been deposited on account of matters pending before appropriate authorities are as under:

(` in '000)

Department	Amount	Forum where dispute is pending
Income Tax Act	9,024	Commissioner (A)

10. The company has no accumulated losses and has not incurred any cash losses during the current financial year or for immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has not obtained any borrowings from financial institutions or by way of debentures.
12. The Company has not granted loans & advances on the basis of security by way of pledge of shares and debentures and other securities.
13. The Company is not a chit fund / Nidhi / Mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable and hence paragraph 4(xiii) of the Order is not applicable.

14. The Company is not dealing in or trading in shares, securities, debentures, and other investments and hence paragraph 4(xiv) of the order is not applicable.
15. The Company has not given guarantee for loans taken by others from bank or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans raised during the year were prima facie been used for the purpose for which they were raised.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on over all basis funds raised on short-term basis, prima facie, has not been used during the year for long-term investment (fixed assets etc.).
18. During the year, the company has made preferential allotment of shares to parties and companies covered in register maintained under section 301 of the companies Act 1956. In our opinion the price at which shares have been issued is not prejudicial to the interest of the company.
19. During the year, the company has not issued any debentures and hence paragraph 4 (xix) of the order is not applicable.
20. During the year, the company has not raised any money by way of public issue and hence paragraph 4(xx) of the Order is not applicable.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

For **KANTILAL PATEL & Co.**
Chartered Accountants
Firm Registration No. 104744W

Place : Ahmedabad
Date : 30th May, 2013

[Gopal S. Baldi]
Partner
Membership No.: 125930

BALANCE SHEET AS AT 31ST MARCH, 2013

	Notes	in ('000) 31 st March, 2013	in ('000) 31 st March, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	3	35,433	31,133
Money received against warrant	4	28,615	-
Reserves and Surplus	5	54,265	35,893
		<u>118,313</u>	<u>67,026</u>
Non-current liabilities			
Long-term borrowings	6	148,688	127,584
Deferred tax liability (net)	7	13,894	12,583
Long-term provisions	8	591	380
		<u>163,173</u>	<u>140,547</u>
Current Liabilities			
Short-term borrowings	9	87,040	73,902
Trade payables	10	114,854	61,281
Other current liabilities	11	26,777	20,044
Short-term provisions	8	2,629	1,413
		<u>231,300</u>	<u>156,640</u>
TOTAL		<u>512,786</u>	<u>364,213</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	149,606	148,202
Capital work-in-progress		22,157	1,300
		<u>171,763</u>	<u>149,502</u>
Long-term loans and advances	13	4,857	14,740
Other non-current assets	14.2	1,711	3,773
		<u>178,331</u>	<u>168,015</u>
Current assets			
Inventories	15	141,017	80,247
Trade receivables	14.1	157,782	100,360
Cash and bank balances	16	5,074	576
Short-term loans and advances	13	17,202	3,372
Other current assets	14.2	13,380	11,643
		<u>334,455</u>	<u>196,198</u>
Total		<u>512,786</u>	<u>364,213</u>
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
Firm registration number: 104744W

Gopal S. Baldi
Partner
Membership no.: 125930

Place : Ahmedabad
Date : 30th May, 2013

**For and on behalf of the Board of
Directors of Gujarat Craft Industries Limited**

Ashok Chhajer Managing Director

Rishab Chhajer Joint Managing Director

Place : Ahmedabad
Date : 30th May, 2013

Statement of PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Notes	in ('000) 31 st March, 2013	in ('000) 31 st March, 2012
Income			
Revenue from operations (gross)	17	699,599	545,762
Less: excise duty		46,792	30,486
Revenue from operations (net)		652,807	515,276
Other Income	18	10,877	3,694
Total revenue (I)		663,684	518,970
Expenses			
Cost of raw materials	19	578,254	411,554
Purchase of traded goods	20	-	1,767
(Increase)/ decrease in inventories of FG work-in-progress	21	(55,559)	1,969
Employee benefits expense	22	9,056	4,676
Other expenses	23	80,080	62,886
Total (II)		611,831	482,852
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		51,853	36,118
Depreciation and amortization expense	12	12,582	9,375
Finance costs	24	23,131	16,934
Profit before tax		16,140	9,809
Tax expenses			
Current tax		3,767	1,869
Less: MAT Credit		-	(1,420)
Tax of earlier year		-	24
Deferred tax		1,311	2,657
Total tax expenses		5,078	3,130
Profit for the year		11,062	6,679
Earnings per equity share [nominal value of share ` 10 (31 March 2012: ` 10)]			
Basic			
Computed on the basis of total profit for the year	25	3.53	2.15
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
 Firm registration number: 104744W
Gopal S. Baldi
 Partner
 Membership no.: 125930
 Place : Ahmedabad
 Date : 30th May, 2013

**For and on behalf of the Board of
 Directors of Gujarat Craft Industries Limited**
Ashok Chhajer Managing Director
Rishab Chhajer Joint Managing Director
 Place : Ahmedabad
 Date : 30th May, 2013

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

	in ('000) 31 st March, 2013	in ('000) 31 st March, 2012
Cash flow from operating activities		
Profit before tax from continuing operations	16,140	9,809
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	12,582	9,375
Provision For Employee Benefit	215	79
Loss on sale of assets	315	-
Bad debts / advances written off	45	769
Interest expense	23,131	16,739
Interest income	(973)	(281)
Operating profit before working capital changes	<u>51,455</u>	<u>36,490</u>
Movements in working capital :		
Increase in trade payables	53,573	18,191
Increase/(decrease) in other current liabilities	6,732	(3,537)
Decrease/(Increase) in trade receivables	(57,467)	(36,087)
Decrease/(increase) in inventories	(60,769)	(4,521)
Decrease / (increase) in loans and advances	9,347	(876)
Decrease / (increase) in short-term loans and advances	(13,831)	4,003
Decrease/(increase) in other current assets	(1,737)	(5,312)
Decrease/(increase) in other non-current assets	2,062	(1,688)
Cash generated from /(used in) operations	<u>(10,635)</u>	<u>6,663</u>
Direct taxes paid (net of refunds)	<u>(2,017)</u>	<u>(2,228)</u>
Net cash flow from/ (used in) operating activities (A)	<u><u>(12,652)</u></u>	<u><u>4,435</u></u>
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(35,558)	(56,245)
Sale of Fixed assets	400	-
Interest received	973	280
Net cash flow from/(used in) investing activities (B)	<u><u>(34,185)</u></u>	<u><u>(55,965)</u></u>
Cash flows from financing activities		
Proceeds from long-term borrowings	31,712	59,009
Repayment of long-term borrowings	(10,608)	(9,278)
Proceeds from short-term borrowings	13,138	18,711
Proceeds from issue of share capital and warrant	40,225	-
Interest paid	(23,131)	(16,739)
Net cash flow from/(used in) in financing activities (C)	<u><u>51,336</u></u>	<u><u>51,703</u></u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	<u><u>4,499</u></u>	<u><u>173</u></u>
Cash and cash equivalents at the beginning of the year	<u><u>576</u></u>	<u><u>403</u></u>
Cash and cash equivalents at the end of the year	<u><u>5,075</u></u>	<u><u>576</u></u>
Components of cash and cash equivalents		
Cash on hand	303	96
Balance with banks	<u><u>4,772</u></u>	<u><u>480</u></u>
Total cash and cash equivalents (note 16)	<u><u>5,075</u></u>	<u><u>576</u></u>
Summary of significant accounting policies	2.1	

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
 Firm registration number: 104744W
Gopal S. Baldi
 Partner
 Membership no.: 125930
 Place : Ahmedabad
 Date : 30th May, 2013

For and on behalf of the Board of
Directors of Gujarat Craft Industries Limited
Ashok Chhajer Managing Director
Rishab Chhajer Joint Managing Director
 Place : Ahmedabad
 Date : 30th May, 2013

Notes to financial statements for the year ended 31st March 2013**1. Corporate information**

Gujarat Craft Industries Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange, Chennai Stock Exchange and Ahmedabad Stock Exchange in India. The company is engaged in the manufacturing of HDPE / PP woven fabrics, sheets, sacks, PE tarpaulin. The company caters to both domestic and international markets.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles. In applying the accounting policies considerations have been given to prudence, substance over form and materiality.

2.1 Summary of significant accounting policies**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Tangible fixed assets

Fixed Assets are stated at cost of acquisition and installation, net of cenvet, Vat less accumulated Depreciation. Borrowing costs incurred during the period of construction/Acquisitions of assets are added to the cost of Fixed Assets. Major expenses on modification/alterations increasing efficiency/capacity of the plant are also capitalized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

e. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f. Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An impairment loss is recognised in the accounts to the extent the carrying amount exceeds, the recoverable amount.

g. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Such grants are deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

h. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Raw materials and stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and stores and spares is determined on First-in-First-out basis.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Waste is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

j. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

k. Foreign currency translation

Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currency at the year end are translated at the exchange rates prevailing at the balance sheet date.

Premium or discount arising at the inception of the forward exchange contract is amortized as income or expense over the period of the contract. Any profit or loss arising in renewal or cancellation of forward exchange contracts are recognized as income or expenses during the year.

Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

Losses in respect of all outstanding derivative contracts at the balance sheet date is provided by marking them to market.

l. Employee benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc, and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

Post-Employment Benefits :

(i) Defined Contribution Plans :

State Governed Provident Fund scheme and employees state insurance scheme are defined contribution plans. The contribution paid / payable under the scheme is recognized during the period in which the employees renders the related services.

(ii) Defined Benefit Plans:

The employee's gratuity fund scheme and compensated absences is company's defined benefit plans.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Gains or losses on the curtailment or settlement of any defined benefits plans are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(c) Long term employee benefits :

The obligation for long term employee benefits such as long term compensated absences, is recognized in the same manner as in case of defined benefit plans as mentioned in b) ii) above.

m. Income taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.

MAT credit is recognised as an assets only when there is convincing evidence that the company will pay normal income tax within the specified period. The assets are reviewed at each balance sheet date.

n. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the number of equity shares outstanding during the period.

o. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to

settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

q. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r. Measurement of EBITDA

As permitted by the Guidance note on the Revised Schedule VI to The Companies Act, 1956, the company has to present earning before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the company does not include depreciation and amortization expense, finance cost and tax expense.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	31 st March, 2013		31 st March, 2012	
	in ('000)		in ('000)	
3. Share capital				
Authorized share capital				
50,00,000 (31 March 2012: 50,00,000) equity shares of ₹ 10/- each	50,000		50,000	
Issued, subscribed and fully paid-up share capital				
35,43,300 (31 March 2012: 31,13,300) equity shares of ₹ 10/- each	35,433		31,133	
Total issued, subscribed and fully paid-up share capital	35,433		31,133	
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
Equity shares	31st March 2013		31st March 2012	
	Number	₹ in ('000)	Number	₹ in ('000)
At the beginning of the period	3,113,300	31,133	3,113,300	31,133
Issued during the period	430,000	4,300	-	-
Outstanding at the end of the period	3,543,300	35,433	3,113,300	31,133
b. Terms/rights attached to equity shares				
The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.				
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
c. Details of shareholders holding more than 5% shares in the company				
	31st March 2013		31st March 2012	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 10 each fully paid				
Ashokkumar Chhajer	1,187,000	33.50%	1,117,000	35.88%
Ratanchand Ashokkumar	340,800	9.62%	315,800	10.14%
Rishab Chhajer	225,000	6.35%	-	0.00%
Sushma Chhajer	286,850	8.10%	216,850	6.97%
	Number	31 March, 13	Number	31 March, 12
		₹ in (000)		₹ in (000)
4 Money Received Against Warrant				
Application Money at the beginning of the Year				
Money received during the Year	1,775,000	40,225	-	-
converted (Equity Share of ₹ 10 at a premium @ ₹ 17)	430,000	(11,610)	-	-
Money remains against warrant	1,345,000	28,615	-	-
	31st March, 2013		31st March, 2012	
	in ('000)		in ('000)	
5. Reserves and surplus				
General reserve				
Balance as per the last financial statements	430		430	
Closing Balance	430		430	
Security Premium Account	7,310		-	
Surplus in the statement of profit and loss				
Balance as per last financial statements	35,463		28,784	
Profit for the year	11,062		6,679	
Net surplus in the statement of profit and loss	46,525		35,463	
Total reserves and surplus	54,265		35,893	

6. Long-term borrowings

	Non-current portion		Current maturities	
	31st March, 13 ` in ('000)	31st March, 12 ` in ('000)	31st March, 13 ` in ('000)	31st March, 12 ` in ('000)
Term loans				
Term Loan From State Bank of India (secured)	47,296	57,904	10,704	10,800
Loan from Finance Company (secured) Against hypothecation of vehicle	1,788	-	1,361	266
Other loans				
Inter Corporate Loans (unsecured)	99,604	69,680	-	-
	148,688	127,584	12,065	11,066
The above amount includes				
Secured borrowings	49,084	57,904	12,065	11,066
Unsecured borrowings	99,604	69,680	-	-
Amount disclosed under the head "other current liabilities" (note 11)	-	-	(12,065)	(11,066)
Net amount	148,688	127,584	-	-

Term loans from State Bank of India are taken during the financial year 2006-07 to 2012-13 and carries interest 14.00% to 14.50 % p.a. The loan is repayable in 72 monthly installments along with interest, from the date of loan. The loan is secured by hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building. (Also guaranteed by Managing Director)

	31st March, 2013 ` in ('000)	31st March, 2012 ` in ('000)
7 Deferred tax Liability (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	14,193	12,743
Gross deferred tax liability	14,193	12,743
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	299	160
Others	-	-
Gross deferred tax asset	299	160
Net deferred tax liability	13,894	12,583

8. Provisions

	Long-term		Short-term	
	31st March, 13 ` in ('000)	31st March, 12 ` in ('000)	31st March, 13 ` in ('000)	31st March, 12 ` in ('000)
Provision for employee benefits				
Provision for gratuity (note 26)	542	345	11	8
Provision for compensated absences	49	35	5	4
	591	380	16	12
Other provisions				
Provision for Income tax (net of advance tax)	-	-	2,613	1,401
	-	-	2,613	1,401
	591	380	2,629	1,413

	31 st March, 2013 in ('000)	31 st March, 2012 in ('000)
8. Short-term borrowings		
From Bank:		
Cash credit / packing credit / S.L.C. (secured)	85,411	73,902
Other loans		
Inter Corporate Loans (unsecured)	<u>1,629</u>	-
	87,040	<u>73,902</u>
The above amount includes		
Secured borrowings	85,411	73,902
Unsecured borrowings	-	-
Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building. The cash credit is repayable on demand and carries interest @ 12.95% to 13.25% p.a. (Also guaranteed by Managing Director)		

	31 st March, 2013 in ('000)	31 st March, 2012 in ('000)
10. Trade payables		
Trade payables (note 36)	<u>114,854</u>	<u>61,281</u>
	114,854	61,281

	31 st March, 2013 in ('000)	31 st March, 2012 in ('000)
11. Other current liabilities		
Current maturities of long-term borrowings (Note:6)	12,065	11,066
Statutory liabilities payable	7,186	3,305
Advance received from customers	4,734	3,375
Interest accrued and due on borrowings	703	1,290
Payables on purchase of fixed assets	<u>2,089</u>	<u>1,008</u>
	26,777	20,044

	in ('000)									
	Land (Free Hold)	Factory Building	Plant and Machinery	Electrical Equipments	Office Equipments	Computers	Furniture & fixtures	Vehicles	Total	
At 31st March 2012	2,285	59,191	134,540	6,516	2,218	330	519	4,089	209,688	
Additions	-	-	8,756	26	610	249	-	5,061	14,702	
Disposals	-	-	-	-	-	-	-	1,559	1,559	
At 31st March 2013	2,285	59,191	143,296	6,542	2,828	579	519	7,591	222,831	
Depreciation										
At 31 st March 2012	-	9,619	46,942	2,671	392	238	167	1,457	61,486	
Charge for the year	-	1,977	9,065	480	201	44	217	598	12,582	
Disposals	-	-	-	-	-	-	-	843	843	
At 31st March 2013	-	11,596	56,007	3,151	593	282	384	1,212	73,225	
Impairment loss										
At 31 st March 2012	-	-	-	-	-	-	-	-	-	
Charge for the year	-	-	-	-	-	-	-	-	-	
At 31st March 2013	-	-	-	-	-	-	-	-	-	
Net Block										
At 31st March 2013	2,285	47,595	87,289	3,391	2,235	297	135	6,379	149,606	
At 31 st March 2012	2,285	49,572	87,598	3,845	1,826	91	352	2,632	148,202	

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	Long-term		Short-term	
	31 st March, 13 in ('000)	31 st March, 12 in ('000)	31 st March, 13 in ('000)	31 st March, 12 in ('000)
13. Loans and advances				
Capital advances				
Unsecured, considered good	1,668	6,515	-	-
(A)	1,668	6,515	-	-
Security deposit				
Unsecured, considered good	554	5,049	8,281	658
(B)	554	5,049	8,281	658
Advances recoverable in cash or kind				
Unsecured considered good	-	3	3,083	399
(C)	-	3	3,083	399
Other loans and advances				
MAT Credit entitlement	2,635	3,173	-	-
Prepaid expenses	-	-	138	154
Loans to employees	-	-	41	26
Balances with statutory / government authorities	-	-	5,659	2,135
(D)	2,635	3,173	5,838	2,315
Total (A + B + C + D)	4,857	14,740	17,202	3,372
	Non-Current		Current	
	31 st March, 13 in ('000)	31 st March, 12 in ('000)	31 st March, 13 in ('000)	31 st March, 12 in ('000)
14. Trade receivables and other assets				
14.1 Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	13,543	6,551
Doubtful	-	-	585	868
(A)	-	-	14,128	7,419
Other receivables				
Unsecured, considered good	-	-	143,654	92,941
(B)	-	-	143,654	92,941
Total (A + B)	-	-	157,782	100,360
14.2 Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note 16)	1,711	4	-	-
(A)	1,711	4	-	-
Export benefits receivable	-	-	10,789	6,725
Interest accrued on fixed deposits	-	-	970	399
Grants/subsidy receivables	-	-	1,621	4,519
(B)	-	-	13,380	11,643
Total (A + B)	1,711	4	13,380	11,643

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	31 st March, 2013 in ('000)	31 st March, 2012 in ('000)	
18. Other income			
Interest income on			
Bank deposits	503	280	
Others	471	383	
Exchange rate differences (net)	7,248	-	
Prior period item (note 31)	2,655	3,031	
	<u>10,877</u>	<u>3,694</u>	
19. Cost of raw material consumed			
Inventory at the beginning of the year	15,748	15,698	
Add: Purchases	582,361	417,721	
	<u>598,109</u>	<u>433,419</u>	
Less: inventory at the end of the year	19,855	21,865	
Cost of raw materials consumed	<u>578,254</u>	<u>411,554</u>	
Details of raw material consumed			
Fabric	28,703	30,200	
Granules	472,464	360,605	
Master batch and others	77,087	20,749	
	<u>578,254</u>	<u>411,554</u>	
Details of inventory			
Raw materials			
Granules	17,474	21,016	
Master batch and others	2,381	849	
	<u>19,855</u>	<u>21,865</u>	
20. Details of purchase of traded goods			
Sacks	-	1,767	
	<u>-</u>	<u>1,767</u>	
	<u>31st March 2013</u>	<u>31st March 2012</u>	(Increase) / decrease
	in ('000)	in ('000)	in ('000)
21. (Increase)/ decrease in inventories of finished goods, work-in-progress			
Inventories at the end of the year			
Work-in-progress	79,288	28,653	(50,635)
Finished goods	32,835	28,091	(4,744)
Waste	308	128	(180)
	<u>112,431</u>	<u>56,872</u>	<u>(55,559)</u>
Inventories at the beginning of the year			
Work-in-progress	28,653	38,677	10,024
Finished goods	28,091	19,832	(8,259)
Waste	128	332	204
	<u>56,872</u>	<u>58,841</u>	<u>1,969</u>
	<u>(55,559)</u>	<u>1,969</u>	

	31 st March, 2013 in ('000)	31 st March, 2012 in ('000)
Details of inventory		
Work-in-progress		
Tape	8,652	6,641
Fabric	70,348	21,611
Others	288	400
	<u>79,288</u>	<u>28,652</u>
Finished goods		
Sacks	6,843	5,185
Tarpaulin	25,992	22,905
	<u>32,835</u>	<u>28,090</u>
22. Employee benefits expense		
Salaries, wages and bonus	8,472	4,226
Contribution to provident fund	236	192
Gratuity expense (note 26)	199	86
Leave Encashment Expense	16	-
Staff welfare expenses	133	172
	<u>9,056</u>	<u>4,676</u>
23. Other expenses		
Consumption of stores and spares	7,087	7,559
Labour & Process charges	2,359	4,366
Increase/(decrease) of excise duty on inventory	522	1,238
Power and fuel	32,139	25,023
Freight and forwarding charges	24,430	14,712
Insurance	501	472
Repairs and maintenance		
Plant and machinery	776	429
Buildings	23	44
Others	386	366
Sales commission	743	661
Legal and professional fees	1,613	853
Payment to auditor (Refer details below)	219	218
Loss on sale of assets	316	-
Exchange differences (net)	-	868
Bad debts/advances written off	45	769
Miscellaneous expenses	8,921	5,308
	<u>80,080</u>	<u>62,886</u>
Payment to auditor		
As auditor:		
Audit fee	120	110
Tax audit fee	80	40
Limited review & Certification	19	19
In other capacity:		
Management services	-	45
Reimbursement of expenses	-	4
	<u>219</u>	<u>218</u>
24. Finance costs		
Interest on Fixed Loan	5,409	4,247
Interest on Cash-Credit	7,395	6,411
Others	8,053	5,378
Bank charges	2,274	898
	<u>23,131</u>	<u>16,934</u>

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31st March, 2013 31st March, 2012
in ('000) in ('000)

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Net profit for calculation of basic and diluted EPS in ('000)	11,062	6,679
Weighted average number of Equity Shares in calculating basic EPS	3,131,217	3,113,300
Basic EPS in `	3.53	2.15

26 Gratuity and other post-employment benefit plans

a. The company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ` 236 in ('000) (Year ended 31 March, 2011 ` 192 in ('000)) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the company is at rate specified in the rules of the schemes.

b. The company operates two defined plans, viz., gratuity and leave encashment, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The plans are not funded by the company.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	31st March, 2013	31 st March, 2012
	in (000)	in (000)
Current service cost	63	45
Interest cost on benefit obligation	30	22
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	106	19
Net benefit expense	199	86
Balance sheet		
Benefit asset/liability		
Present value of defined benefit obligation	552	353
Fair value of plan assets	-	-
Present value of defined benefit obligation	552	353
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	353	267
Current service cost	63	45
Interest cost	30	22
Benefits paid	-	-
Actuarial (gains)/losses on obligation	106	19
Closing defined benefit obligation	552	353
The principal assumptions used in determining gratuity for the company's plans are shown below:		
Discount rate	8%	9%
Expected rate of return on assets	-	-
Salary Escalation Rate	6%	6%
Employee turnover	2 % p.a.	2 % p.a.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

27 Capitalization of expenditure

During the year, the company has capitalized the following expense of revenue nature to the cost of fixed asset/ capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective note is net of amounts capitalized by the company.

	31st March, 2013	31 st March, 2012
	<u>in (000)</u>	<u>in (000)</u>
Finance costs	-	653
	<u>-</u>	<u>653</u>

28 Segment information

Based on the guiding principle 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 P.E.Tarpaulin, HD/PP Woven Sacks, Fabrics which have similar risks and returns, Accordingly there are no separate reportable segment as far as primary segment is concerned.

The operation of the Company are in India. All liabilities are located in India and assets are located in India & outside India. An analysis of sales and assets by geographical market is given below.

<u>Name of the Country</u>	2012-13	2011-12
	<u>in (000)</u>	<u>in (000)</u>
Sales:		
India	426,131	323,939
Middle East	140,221	53,321
Africa	112,925	145,797
Europe	-	18,795
Others	20,322	3,910
	<u>699,599</u>	<u>545,762</u>
Assets		
Trade Receivables:		
India	101,809	84,451
Middle East	38,335	12,024
Africa	-	2,597
Others	17,638	1,288
	<u>157,782</u>	<u>100,360</u>

29 Related party disclosures

Names of related parties and related party relationship

Key management personnel	Ashok Chhajjer Rishab Chhajjer Binod Chhajjer Kashyap Mehta
--------------------------	--

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Remuneration to key managerial personnel	2012-13	2011-12
	<u>in (000)</u>	<u>in (000)</u>
Mr. Ashok Chhajjer, Managing director		
Salary & Allownces	1,320	614
Director Sitting Fees	-	-
Mr. Rishab Chhajjer, Joint managing director		
Salary & Allownces	660	110
Director Sitting Fees	-	-
Total	<u>1,980</u>	<u>724</u>

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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	2012-13 ` in (000)	2011-12 ` in (000)
b. Other transactions		
Mr. kashyap Mehta, director Professional Fees	292	82
Total	292	82

30 Capital and other commitments

Estimated amount of contract remaining to be executed in Capital Account (net of advances) not provided for ` 74,188 in ('000) (P.Y. ` 2,887/- in ('000))

31 Prior period income

Prior period income includes amount received towards interest subsidy relating to earlier year (under TUF scheme) in respect of loan taken for purchase of plant and machinery.

32 DERIVATIVE INSTRUMENTS:

Foreign currency exposure that are not hedged by derivative instruments as on 31st March,2013 US \$ NIL Equivalent to ` NIL (P.Y. \$ NIL Equivalent to ` NIL)

33 Trade receivables include ` 585 in ('000) (P.Y. ` 868 in ('000) which are outstanding more than six months and considered as doubtful. However, no provision has been made there against as company has filed suits for recovery of the amounts and it considers the same good of recovery.

34 Amount of expenditure incurred in research and development is ` Nil.(P.Y. ` Nil)

35 The balances of trade receivables / payables are subject to confirmation. Adjustments including provisions / write-off, if any, required in accounts, will be made on reconciliation and / or settlement.

36 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information available with the company there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act,2006 as at March 31st, 2013.

Hence, the disclosure relating to amounts unpaid as at the year end to gather interest paid / payable under this Act have not been given.This is relied upon by the auditors.

37 Contingent Liabilities and Commitments

	31 March 2013 ` in (000)	31 March 2012 ` in (000)
Income Tax Liability for which the company has preferred an appeal before the CIT (A).	9,024	-
	9,024	-

38 Money received against share warrants

The Board of Directors of the company at their meeting held on 14th January, 2013 and as approved at its Extra Ordinary General Meeting held on 23rd February, 2013 have resolved to create, offer, issue and allot up to 17,75,000 Equity Warrants, convertible into 17,75,000 Equity shares of ` 10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ` 27/- per Equity Share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on 6th March, 2013 to the promoters and the 25% (i.e. ` 7/- per Equity Warrant) application money amounting to ` 12,425/- in ('000) was received from them.

The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before 5th September, 2014 (being 18 months from the date of Allotment of Equity Warrants). In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

	<u>2012-13</u>		2011-12	
	<u>in (000)</u>		<u>in (000)</u>	
39 Value of imports calculated on CIF basis				
Raw materials		246,521		121,647
Components and spare parts		-		73
		<u>246,521</u>		<u>121,720</u>
40 Expenditure in foreign currency (accrual basis)				
Commission		743		661
Travelling and conveyance		496		70
		<u>1,239</u>		<u>731</u>
41 Imported and indigenous raw materials and spare parts consumed				
Year ended on	% of total	Value	% of total	Value
31st March, 2013	consumption	in (000)	consumption	in (000)
	2012-13	2012-13	2011-12	2011-12
Raw Materials				
Imported	5.88	34,019	28.35	116,687
Indigenously obtained	94.12	544,235	71.65	294,867
	<u>100.00</u>	<u>578,254</u>	<u>100.00</u>	<u>411,554</u>
Spare parts				
Imported	-	-	0.97	73
Indigenously obtained	100.00	7,087	99.03	7,487
	<u>100.00</u>	<u>7,087</u>	<u>100.00</u>	<u>7,560</u>
42 Earnings in foreign currency (accrual basis)				
		<u>2012-13</u>		2011-12
		<u>in (000)</u>		<u>in (000)</u>
Exports at F.O.B. Value		238,696		213,361
		<u>238,696</u>		<u>213,361</u>

43 The figures for the previous year have been regrouped wherever necessary so as to make it comparable with those of the current year.

Signatures to Notes 1 to 43 to the Financial Statements

As per our report of even
For Kantilal Patel & Co.
Chartered Accountants
 Firm registration number: 104744W
Gopal S. Baldi
 Partner
 Membership no.: 125930
 Place : Ahmedabad
 Date : 30th May, 2013

For and on behalf of the Board of
Directors of Gujarat Craft Industries Limited
Ashok Chhajer Managing Director
Rishab Chhajer Joint Managing Director
 Place : Ahmedabad
 Date : 30th May, 2013

GUJARAT CRAFT INDUSTRIES LIMITED

Registered Office:

Plot No. 431, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721, Dist:Gandhinagar.

29th Annual General Meeting
Saturday, the 28th September, 2013 at 12.00 Noon

ATTENDANCE SLIP

Place : At the Registered Office of the Company at:
Plot No. 431, Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.

Signature of Member/ Proxy attending the meeting _____

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 CRAFT INDUSTRIES LIMITED

Registered Office:

Plot No. 431, 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 29th Annual General Meeting of the Company, to be held on Saturday, the 28th September, 2013 and/or at any adjournment thereof.

Signed the _____ day of _____ 2013.

Signature

Affix
Signature
Revenue
Stamp

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 CRAFT INDUSTRIES LIMITED

REGISTERED OFFICE:

Plot No. 431, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721,
Dist:Gandhinagar.

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