

**30<sup>TH</sup> ANNUAL REPORT  
2013-14**



GUJARAT CRAFT  
INDUSTRIES LTD

**[CIN : L29199GJ1984PLC007130]**

## GUJARAT CRAFT INDUSTRIES LIMITED

[CIN: L29199GJ1984PLC007130]

### 30<sup>TH</sup> ANNUAL REPORT 2013-14

<b>BOARD OF DIRECTORS</b>	: Mr. Ashok Chhajer Mr. Rishab Chhajer Mr. Binod Chhajer Mr. Kashyap R. Mehta Mr. Anilkumar Bhandari	Managing Director Joint Managing Director Director Director Director
<b>AUDITORS</b>	: M/s. Kantilal Patel & Co., (A member firm of Polaris International, USA) Chartered Accountants, Ahmedabad.	
<b>BANKERS</b>	: State Bank of India	
<b>REGISTERED OFFICE &amp; WORKS</b>	: Plot No.431, Santej-Vadsar Road, Village : Santej, Taluka : Kalol - 382 721. District : Gandhinagar	
<b>OFFICE</b>	: 35, Omkar House, Near Swastik Cross Roads, C. G. Road, Navrangpura, Ahmedabad - 380 009.	
<b>REGISTRAR AND SHARE TRANSFER AGENTS</b>	: M/s. Link Intime (India) Private Limited Unit No. 303, 3 <sup>rd</sup> floor Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers plaza II, Off. C. G. Road, Ahmedabad - 380 009	
<b>WEBSITE</b>	: <a href="http://www.gujaratcraft.com">www.gujaratcraft.com</a>	

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**NOTICE**

NOTICE is hereby given that the **30<sup>TH</sup> ANNUAL GENERAL MEETING** of the Members of **GUJARAT CRAFT INDUSTRIES LIMITED** will be held as scheduled below:

Date : 26<sup>th</sup> September, 2014  
Day : Friday  
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, consider and adopt the Audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014 and the Balance Sheet as on that date along with the Directors' Report and Independent Auditors' Report thereon.
2. To appoint a Director in place of Mr. Binod Chhajer (DIN – 01081456), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re appointment.
3. To appoint Statutory 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 pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Kashyap R. Mehta (DIN – 00005063), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) consecutive years for a term from the conclusion of this 30<sup>th</sup> Annual General Meeting up to the conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the calendar year 2019."
5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution:**  
"RESOLVED THAT pursuant to provisions of Sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Anilkumar Bhandari (DIN – 02718111), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 (five) consecutive years for a term from the conclusion of this 30<sup>th</sup> Annual General Meeting up to the conclusion of the 35<sup>th</sup> Annual General Meeting to be held in the calendar year 2019."
6. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution:**  
"RESOLVED THAT pursuant to provisions of section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow monies for the purpose of business of the Company

from any Bank, Financial Institution or any person, such sum or sums of monies as they may deem necessary, notwithstanding the fact that the monies so borrowed and the monies borrowed from time to time apart from temporary loans obtained by the Company exceed the aggregate of the paid up capital of the Company and its free reserves i.e. reserves not set apart for any specific purpose, provided that the total outstanding amount of such borrowings shall not exceed ` 200 Crores (Rupees Two Hundred Crores only) over and above the aggregate of the paid up capital of the Company and its free reserves at any time."

7. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to provisions of Section 179 and Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors of the Company to the creation by the Board of Directors on behalf of the Company of such mortgages, charges, hypothecations and floating charges in such form and such manner as may be agreed to between the Board of Directors and the Company's lenders on all or any of the movable & immovable properties of the Company both present and future of every nature and kind whatsoever and the undertaking of the Company in certain events, to secure term loans/ working capital facilities/External Commercial Borrowings/ Debentures/ any other form of finance etc. not exceeding ` 200 Crores (Rupees Two Hundred Crores only) at any one point of time from Financial Institutions/Banks and other agencies/ parties/person with interest thereon, commitment charges, liquidated damages, charges, expenses and other monies, such mortgages and/or charges already created or to be created in future by the Company in such manner as may be thought expedient by the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize the documents for creating the aforesaid mortgages and/or charges and to do all such acts, things and matters as may be necessary for giving effect to the above resolution."

8. To consider and if thought fit, to pass with or without modification[s], the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 188, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Company do hereby accord its approval to the reappointment of Mr. Ashok Chhajer (DIN-00280185) as Managing Director of the Company, not liable to retire by rotation, for a period of 3 years with effect from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2017 on the terms and conditions and the remuneration (which have been approved by Nomination and Remuneration Committee) and that he be paid remuneration (even in the year of losses or inadequacy of profit) by way of Salary, perquisites and Commission not exceeding the amount thereof as set out in the Explanatory Statement which is permissible under Section II of Part II of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT the extent and scope of Salary and Perquisites as specified in the Explanatory Statement be altered, enhanced, widened or varied by the Board of Directors in accordance with the relevant provisions of the Companies Act, 2013 for the payment of managerial remuneration in force during the tenure of the Managing Director without the matter being referred to the Company in General Meeting again."

**Registered Office:**

Plot No. 431,  
Santej-Vadsar Road,  
Village:Santej,  
Taluka:Kalol-382 721,  
Dist:Gandhinagar.  
Date : 29<sup>th</sup> July, 2014

**By Order of the Board,**

**Ashok Chhajer**  
Managing Director

**NOTES:**

1. The Explanatory Statement, pursuant to provisions of section 102 of the Companies Act, 2013 and rules made thereunder, in respect of the business under Item Nos. 4 to 8 of the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from 12<sup>th</sup> September, 2014 to 26<sup>th</sup> September, 2014 (both days inclusive) for the purpose of Annual General Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF, ON A POLL ONLY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PER CENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxy form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable.
4. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite declarations for their appointment / re-appointment.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
6. 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.
7. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
8. The members are requested to bring duly filled attendance slip alongwith their copy of Annual Report at the Meeting.
9. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours on all working days between 11.00 A.M. and 1.00 P.M. except Sundays, up to and including the date of the Annual General Meeting of the Company.
10. Members may also note that this Notice and the Annual Report for 2013-14 will also be available on the Company's website [www.gujaratcraft.com](http://www.gujaratcraft.com) for their download. For any communication, the shareholders may also send requests to the Company's investor e-mail id: [info@gujaratcraft.com](mailto:info@gujaratcraft.com).

**11. VOTING THROUGH ELECTRONIC MEANS**

- A. In accordance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 the business proposed for the ensuing Annual General Meeting, may be transacted through electronic voting system and the Company is providing facility for voting by electronic means ("e-voting") to its members.
- B. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide e-voting facilities and for security and enabling the members to cast their vote in a secure manner.
- C. It may be noted that this e-voting facility is optional. The e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period.

**Commencement of e-voting: From Friday, the 19<sup>th</sup> September, 2014 at 10.00 a.m. (IST)**

**End of e-voting: Sunday, the 21<sup>st</sup> September, 2014 at 06.00 p.m. (IST)**

E-voting shall not be allowed beyond 6.00 p.m. (IST) of 21<sup>st</sup> September, 2014. During the e-voting period, Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date may cast their vote electronically. The cut off date for the limited purpose of e-voting is 8<sup>th</sup> August, 2014.

- D. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company along with physical copy of the notice.
- E. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.
- F. The Company has, in compliance with Rule 20 of the (Management and Administration) Rules, 2014, appointed **Mr. Kashyap R. Mehta, Proprietor, M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad as Scrutinizer** (as consented by them to be appointed as scrutinizer) for conducting the electronic Process in a fair and transparent manner.
- G. Electronic voting, processes, terms and conditions of Voting and general guidelines for shareholders participating through e-voting:

Shareholders may also refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads Section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) in addition to the following information.

a. **E-voting schedule for shareholders:**

1. Business may be transacted by electronic voting;	All Resolutions mentioned in the notice may be transacted by means of electronic voting within the time specified below.
2. The date of completion of sending of notices	The notice dispatch will be completed 25 days prior to the date of annual general meeting.
3. The date and time of commencement of voting through electronic means;	Friday, the 19 <sup>th</sup> September, 2014 at 10.00 a.m. (IST)
4. The date and time of end of voting through electronic means;	Sunday, the 21 <sup>st</sup> September, 2014 at 06.00 p.m. (IST)
5. No voting after closing date & time of electronic voting	E-Voting shall not be allowed beyond 6.00 p.m. (IST) on 21 <sup>st</sup> September, 2014
6. Website address on which the notice is displayed	<a href="http://www.gujaratcraft.com">www.gujaratcraft.com</a> <a href="http://www.evoting.nsdl.com">www.evoting.nsdl.com</a>
7. Contact details of the Company and Share Registrar & Transfer Agent of the Company, responsible to address the grievances connected with the electronic voting;	<b>Company:</b> – Gujarat Craft Industries Limited Email: <a href="mailto:info@gujaratcraft.com">info@gujaratcraft.com</a> <b>Share Registrar</b> –Link Intime India Pvt. Ltd. Email: :- <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a> Contact No.: (022) 25963838 Fax.: (022) 25946969

- b. The Company has tied up with NSDL for e-voting on resolutions and accordingly, the NSDL and our Share Registrar– Link Intime India Private Limited shall arrange for providing the information on shareholders login ID and create a facility for generating password and for keeping security and casting of vote in a secure manner;
- c. In case of any queries or issues regarding e-voting, shareholder may refer the frequently asked questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or write email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- d. If shareholder has already registered with NSDL for e-voting, then shareholder can use his/her existing user ID and password/PIN for casting his/her vote.
- e. A member may exercise his right to vote at any general meeting by electronic means in accordance with the provisions of these rules.
- f. The Resolution(s) and the Explanatory Statement(s) setting out the material facts and the reasons thereof are given hereunder for your consideration and necessary action.

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- g. If a Shareholder has voted through e-voting facility, he is not allowed to vote in person at the ensuing general meeting of the Company. If a Shareholder votes through e-voting facility and also votes at the meeting, the votes cast through e-voting shall only be considered.
- h. In case of Members who are entitled to vote but have not exercised their right to vote by electronic means, the Chairman of the Company may order a poll on his own motion in terms of Section 109 of the Companies Act, 2013 for the businesses specified in the accompanying Notice. For abundant clarity, in the event of poll, please note that the Members who have exercised their right to vote by electronic means shall not be eligible to vote by way of poll at the Meeting.
- i. The further instructions on e-voting are as under:
- (i) The Notice of the 30<sup>th</sup> AGM of the Company inter alia indicating the process and manner of e-voting process along with printed Attendance Slip, Ballot form and Proxy Form is being dispatched to all the Members. Initial password is provided as below in the cover letter at the end of the attendance slip.  
EVEN (E Voting Event Number)                      USER ID      PASSWORD/PIN
  - (ii) NSDL shall also be sending the User-ID and Password to those members whose shareholding is in the dematerialized format and whose email addresses is registered with the Company/Depository Participants(s). For members who have not registered their email address, can use the details as provided above.
  - (iii) Launch internet browser by typing the following URL: <https://www.evoting.nSDL.com>
  - (iv) Click on Shareholder – Login
  - (v) Put user ID and password as initial password noted in step (i) above. Click Login.
  - (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vii) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (viii) Select “EVEN” of Gujarat Craft Industries Limited
  - (ix) Now you are ready for e-Voting as Cast Vote page opens
  - (x) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (xi) Upon confirmation, the message “Vote cast successfully” will be displayed
  - (xii) Once you have voted on the resolution, you will not be allowed to modify your vote
  - (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail- [kashyapmehta@hotmail.com](mailto:kashyapmehta@hotmail.com), [info@gujaratcraft.com](mailto:info@gujaratcraft.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- j. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- k. During the e-voting period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 8<sup>th</sup> August, 2014, may cast their vote electronically. Please note that the e-voting module shall be disabled by NSDL for voting after the closing time and date of e voting. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- l. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- m. Shareholders of the Company, holding shares in any form viz. physical form or demat, as on the cut-off date and not casting their vote electronically, may only cast their vote at the Annual General Meeting.

- n. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- o. The results of the voting (e-voting and physical voting) will be announced within 48 hours of the conclusion of 30<sup>th</sup> Annual General Meeting to be held on 26<sup>th</sup> September, 2014 and shall also be posted on the website of the company [www.gujaratcraft.com](http://www.gujaratcraft.com)

#### **ANNEXURE TO THE NOTICE**

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESSES MENTIONED IN THE NOTICE OF 30<sup>TH</sup> ANNUAL GENERAL MEETING DATED 29<sup>TH</sup> JULY, 2014.**

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

Mr. Kashyap R. Mehta is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 23<sup>rd</sup> September, 1999.

Mr. Kashyap R. Mehta was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the Act), which are made applicable from 1<sup>st</sup> April, 2014, Mr. Kashyap R. Mehta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 35<sup>th</sup> Annual General Meeting in the calendar year 2019. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Mr. Kashyap R. Mehta as a candidate for the office of Director of the Company.

Mr. Kashyap R. Mehta is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as Director. Section 149 of the Act, inter alia, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Kashyap R. Mehta that he meets with criteria of independence as prescribed both under section 149(6) of the Act and clause 49 of the Listing Agreement. Mr. Kashyap R. Mehta possesses appropriate skills and experience in the field of Corporate Laws & Finance. Brief resume of Mr. Kashyap R. Mehta, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / chairmanships of the Board/ Committees, shareholding and relationship between Directors inter se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, Mr. Kashyap R. Mehta fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company.

Keeping in view of his vast experience and knowledge, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Kashyap R. Mehta as an Independent Director.

Save and except Mr. Kashyap R. Mehta, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 4.

This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchanges.

##### **In respect of Item No. 5:**

Mr. Anilkumar Bhandari is an Independent Director on the Board of the Company. He was appointed on the Board at its meeting held on 13<sup>th</sup> February, 2012.

Mr. Anilkumar Bhandari was appointed as a Director liable to retire by rotation. In terms of section 149 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the Act), which are made applicable from 1<sup>st</sup> April, 2014, Mr. Anilkumar Bhandari being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to the



conclusion of the 35<sup>th</sup> Annual General Meeting in the calendar year 2019. A notice has been received from a member along with deposit of requisite amount under section 160 of the Act proposing Mr. Anilkumar Bhandari as a candidate for the office of Director of the Company.

Mr. Anilkumar Bhandari is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as Director. Section 149 of the Act, inter alia, stipulates the criteria of independence should a Company propose to appoint an Independent Director on its Board. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Mr. Anilkumar Bhandari that he meets with criteria of independence as prescribed both under section 149(6) of the Act and clause 49 of the Listing Agreement. Mr. Anilkumar Bhandari possesses appropriate skills and experience in the field of Business Administration, Finance and Corporate Laws. Brief resume of Mr. Anilkumar Bhandari, nature of his expertise in specific functional areas and names of the Companies in which he holds directorships and memberships / chairmanships of the Board/Committees, shareholding and relationship between Directors inter se, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, Mr. Anilkumar Bhandari fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company.

Keeping in view of his vast experience and knowledge, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Anilkumar Bhandari as an Independent Director.

Save and except Mr. Anilkumar Bhandari, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 5.

This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchanges.

**In respect of Item No. 6:**

Section 180(1)(c) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid-up share capital and free reserves, apart from temporary loans obtained from the Company's Bankers, etc. in the ordinary course of business, except with the approval of the Company accorded by a Special Resolution.

The Company borrows funds from the Banks and Financial Institutions for its business and considering the growth of the business, the Board is of the opinion that the Company may require to borrow additional funds for both organic and inorganic growth. In view of the requirements of the increased borrowings and to comply with the requirements of section 180(1)(c) or other applicable provisions of the Companies Act, 2013, the members of the Company shall pass a Special Resolution as set out at item No. 6 of the Notice, to enable the Board of Directors to borrow in excess of the aggregate of the paid-up share capital and free reserves of the Company. Approval of the members is being sought to borrow the money up to ` 200 Crores (Rupees Two Hundred Crores only) in excess of the aggregate of the paid-up share capital and free reserves of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out in the item No. 6.

**In respect of Item No. 7:**

Section 180(1)(a) of the Companies Act, 2013 effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the company. In view of the resolution relating to borrowing powers stated in Item No. 7, the Company may have to create further charges/mortgages in favour of the lenders. Therefore, a resolution enabling the Directors to create charges/mortgages on the movable/immovable properties of the Company to the extent of ` 200 Crores (Rupees Two Hundred Crores only) at any point of time is proposed.

Since the invocation of security / mortgage by the lender may be regarded as a disposal of the undertaking by the Company in favour of the Institutions / Banks, it is necessary for the members to pass a special resolution under Section 180(1)(a) of the Companies Act, 2013 before creation of the said charges /

mortgages.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No.7 of this Notice, to enable to the Board of Directors to create charges/mortgages to secure the borrowings as mentioned in Item No. 7.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

**In respect of Item No. 8:**

Shareholders may recall that in the 25<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September, 2009, Mr. Ashok Chhajer was reappointed as Managing Director of the Company for a period of five years from 1<sup>st</sup> October, 2009 to 30<sup>th</sup> September, 2014.

The Board of Directors, on the recommendation on Nomination and Remuneration Committee, in their meeting held on 21<sup>st</sup> July, 2014 has reappointed Mr. Ashok Chhajer as Managing Director for a period of 3 years i.e. from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2017.

The major terms of the remuneration of Managing Director are as under:

**I. PERIOD:**

The term of the Managing Director shall be for a period of three years from 1<sup>st</sup> October, 2014 to 30<sup>th</sup> September, 2017

**II. REMUNERATION:**

**A. SALARY:**

The Managing Director shall be entitled to salary of ` 1,00,000/- per month.

**B. PERQUISITES:**

1. House rent allowance @ 10 % of salary.
2. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or together are not taxable under the Income tax Act, 1961.
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure.
5. Reimbursement of Medical expenses for himself and family.
6. Free use of Company's car for Company's business and free telephone facility at residence.
7. Leave Travel Concession for himself and family once in a year as per rules of Company.

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

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

**V. DUTIES:**

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

**VI. TERMINATION:**

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

**VII. COMPENSATION:**

In the event of termination of office of Managing Director takes place before the expiration of tenure thereof, Managing Director Shall be entitled to receive compensation from the Company for loss of office to the extent and subject to limitation as provided under section 202 of the Companies Act, 2013.

### 30<sup>TH</sup> ANNUAL REPORT 2013-14

As per the provisions of Sections 188,196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013, Special Resolution is necessary for holding office as Managing Director of the Company on remuneration.

The following is the details of interest of Directors/ Key Managerial Personnel/ Relative of Director/ Relative of Key Managerial Personnel:

Sr. No	Category	Name of Interested Director / KMP	Financial Interest	Non- Financial Interest
1.	Director	Ashok Chhajer	Relates to his reappointment as Managing Director, he may be deemed to be concerned or interested in the business	
2.	Key Managerial Personnel	-	-	-
3.	Relative of Director	1. Rishabh Chhajer 2. Binod Chhajer	Relates to reappointment of Mr. Ashok Chhajer as Managing Director, who is relative of Directors and, therefore, they may be deemed to be concerned or interested in the business	
4.	Relative of Key Managerial Personnel	-	-	-

The following are the information required under Section II of Part II of Schedule V of the Companies Act, 2013:

Sr. No	Particulars	Information
<b>I</b>	<b>GENERAL INFORMATION</b>	
1	Nature of industry	Manufacturing of all forms of steels and iron castings
2	Date or expected date of commencement of commercial production	Existing
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators	~ 9134 lacs turnover (2013-14)
5	Exports performance and net foreign exchange collaborations	~ 3843 Lacs (2013-14)
6	Foreign investments or collaborations, if any.	N.A.
<b>II</b>	<b>INFORMATION ABOUT THE APPOINTEE</b>	
1	Background details	B.Com.
2	Past remuneration	~ 1.00 Lacs per month + Perquisites
3	Recognition or awards	-
4	Job profile and his suitability	28 Years experience in the field of Master Batches/ Chemicals/ Textiles
5	Remuneration proposed	~ 1.00 Lacs per month+ Perquisites
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula

Sr. No	Particulars	Information
7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel , if any	Mr. Ashok Chhajer is the Managing Director of the Company
<b>III</b>	<b>OTHER INFORMATION</b>	
1	Reasons of loss or inadequate profits	High Interest Cost High Market competition
2	Steps taken or proposed to be taken for improvement	Rationalisation of existing product Range and Opening new Markets
3	Expected increase in productivity and profits in measurable terms	Turnover expected to increase drastically
<b>IV</b>	<b>DISCLOSURES</b>	
1	The shareholders of the Company shall be informed of the remunerations package of the managerial person	The shareholders have been informed in the notice of 30 <sup>th</sup> Annual General Meeting.
2	The following disclosure shall be mentioned in the Board of Director's Report under the heading " <b>Corporate Governance</b> " , if any, attached to the annual report:-	N.A.
2(i)	All elements of remuneration package such as salary, benefits, bonuses, stock, stock options, pension, etc. of all the directors;	No other Director is entitled for any remuneration
2(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentives.
2(iii)	Service contracts, notice period, severance fees	90 days' Notice.
2(iv)	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	No stock options have been offered.

The above proposals are in the interest of the Company and the Directors recommend the Resolution Nos. 4 to 8 (both inclusive) of this Notice for consent and approval by the Members.

**Registered Office:**

Plot No. 431,  
Santej-Vadsar Road,  
Village:Santej,  
Taluka:Kalol-382 721,  
Dist:Gandhinagar.  
Date : 29<sup>th</sup> July, 2014

**By Order of the Board,**

**Ashok Chhajer**  
Managing Director

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors pleased to present the 30<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the Financial Year 2013-14 ended on 31<sup>st</sup> March, 2014.

**1. FINANCIAL RESULTS:**

Particulars	(` in lacs)	
	2013-14	2012-13
Operating Profit (Before Interest & Depreciation)	<b>591.87</b>	518.53
Less : Financial Expenses	<b>281.45</b>	231.31
Profit before Depreciation	<b>310.42</b>	287.22
Less : Depreciation	<b>131.98</b>	125.82
Profit before tax	<b>178.44</b>	161.40
Less : Provision for current Tax (after MAT credit)	<b>36.69</b>	37.67
(Add): MAT Credit	<b>(22.26)</b>	-
Less : Deferred Tax Liability	<b>47.05</b>	13.11
Profit after tax	<b>116.96</b>	110.62
Add: Balance Brought Forward from Previous year	<b>465.25</b>	354.63
Balance carried to Balance Sheet	<b>582.21</b>	465.25

**2. DIVIDEND:**

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

**3. REVIEW OF OPERATIONS:**

The Gross revenue from operations during the year under review was ` 9707 lacs as compared to ` 6996 lacs during 2012-13.

The Operating Profit (Before Interest and Depreciation) was ` 591.87 lacs during the year under review compared to ` 518.53 lacs during 2012-13 showing an increase of 14.14%. The Profit before Tax for the year under review was ` 178.44 lacs against ` 161.40 lacs during 2012-13. The Net Profit of the Company stood at ` 116.96 lacs compared to ` 110.62 lacs for the year 2012-13 showing an increase of 5.73%.

The company has made export at FOB value of ` 3843.72 lacs during the year under review compared to ` 2386.96 lacs during 2012-13. 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.

**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.

**6. DIRECTORS:**

Mr. Kashyap R. Mehta and Mr. Anilkumar Bhandari, being Independent Directors, are being appointed for a term of 5 years as per provisions of the Companies Act, 2013. Mr. Binod Chhajer, retires by rotation at this Annual General Meeting, being eligible offers himself for reappointment. Mr. Ashok Chhajer is being re-appointed as Managing Director of the Company. Mr. Alpesh R. Tripathi ceased to be Director upon resignation on 29<sup>th</sup> July, 2014.

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## 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 31<sup>st</sup> March, 2014 being end of the Financial Year 2013-14 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 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 6<sup>th</sup> March, 2013 to Promoters and Promoters' Group after complying with all necessary procedures and guidelines under SEBI (Issue of Capital & Disclosure Requirement) Regulations, 2009.

Pursuant to the condition stipulated for conversion option of Equity Warrants into Equity Shares within 18 months from the date of allotment, Equity Warrant Holders had exercised their option for conversion in March, 2013 and accordingly 4,30,000 Equity Shares were allotted on 15<sup>th</sup> March, 2013 upon conversion of Equity Warrants after complying with all necessary formalities.

Further the Equity Warrants holders in October, 2013 had exercised their option for conversion and accordingly 5,65,000 Equity Shares were allotted on 28<sup>th</sup> October, 2013 upon conversion of Equity Warrants after complying with all necessary formalities.

In April, 2014, the Equity Warrants holders had further exercised their option for conversion of remaining Equity Warrants and accordingly 7,80,000 Equity Shares were allotted on 28<sup>th</sup> April, 2014 after complying with all necessary formalities.

All the above allotted Equity Shares have been listed at Ahmedabad Stock Exchange Limited, BSE Limited and Madras Stock Exchange Limited at the time of their respective conversion. The post conversion of Equity Warrant into Equity Shares, the paid up capital of the Company stood at ` 4.89 Crores divided into 48,88,300 Equity Shares of Rs.10/- each. There is no outstanding Convertible Equity Warrants as on date.

## 9. AUDIT COMMITTEE:

The Board of Directors have re-constituted Audit Committee consisting of the following:

- |                           |          |
|---------------------------|----------|
| 1. Mr. Anilkumar Bhandari | Chairman |
| 2. Mr. Kashyap R. Mehta   | Member   |
| 3. Mr. Binod Chhajjer     | Member   |

## 10. NOMINATION AND REMUNERATION COMMITTEE:

The Board of Directors have re-constituted Nomination and Remuneration Committee consisting of the following:

- |                           |          |
|---------------------------|----------|
| 1. Mr. Anilkumar Bhandari | Chairman |
| 2. Mr. Binod Chhajjer     | Member   |
| 3. Mr. Kashyap R. Mehta   | Member   |

**11. DEMATERIALISATION OF EQUITY SHARES:**

Shareholders have an option to dematerialise their shares with either of the depositories viz. NSDL & CDSL. ISIN allotted to the Equity Shares of the Company is INE372D01019.

**12. LISTING:**

The Equity Shares of the Company are listed at Ahmedabad Stock Exchange Limited, BSE Limited and Madras Stock Exchange Limited. The Company has paid Annual Listing Fees upto the year 2014-15.

**13. MANGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE:**

As per Clause 49 of the Listing Agreement, the Management Discussion and Analysis Report and Report on Corporate Governance form part of this Annual Report. A certificate regarding compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement is also appended to the Annual Report.

**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 Accounts, Ahmedabad will retire at the ensuing Annual General Meeting and are eligible for reappointment. The Company has obtained from them the written Certificate to the effect that their reappointment as Auditors of the Company for the Financial Year 2014-15, if made, will be in accordance with in the provisions of Section 139 and 141 of the Companies Act, 2013.

The remarks of auditor and notes on accounts are self explanatory.

**14.3 PARTICULARS OF EMPLOYEES:**

None of the employees of the Company is drawing remuneration-requiring disclosure of information under Section 217(2 A) of the Companies Act, 1956, read with 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. Kashyap R. Mehta & Associates, 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. CODE OF CONDUCT:**

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior Management, which is available on the Company's website. All the Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

**19. 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 : 29<sup>th</sup> July, 2014.

**Rishab Chhajer**  
Joint Managing Director

**Ashok Chhajer**  
Managing Director

**ANNEXURE - I**

**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:**

	<b>Current Year 2013-14</b>	Previous Year 2012-13
<b>A. Power and fuel Consumption</b>		
1. Electricity		
a) Purchased		
Unit	<b>6568590</b>	4888110
Total amount ( ` in Lacs)	<b>464.56</b>	321.39
Rate/Unit `	<b>7.07</b>	6.58
b) Own generation		
Through Diesel Generator		
Unit	<b>5040</b>	Nil
Total Amount ( ` in Lacs)	<b>1.06</b>	Nil
Rate/Unit `	<b>21.03</b>	Nil
c) Own generation		
Through Gas		
Unit	<b>Nil</b>	Nil
Total Amount ( ` in Lacs)	<b>Nil</b>	Nil
Rate/Unit `	<b>Nil</b>	Nil
2. Coal	<b>N.A.</b>	N.A.
3. Furnace Oil	<b>N.A.</b>	N.A.
4. LSHS ( ` in Lacs)	<b>Nil</b>	Nil
<b>B. Consumption per Unit of Production of HDPE/Fabrics/Sacks ( K.G.)</b>	<b>1.1469</b>	1.2039

**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 ` 4118.39 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 ` 3843.72 Lacs during the year under review by way of export and has spent ` 14.28 lacs for commission and foreign travelling.

**for and on behalf of the Board,**

Place : Ahmedabad.  
Date : 29<sup>th</sup> July, 2014.

**Rishab Chhajer**  
Joint Managing Director

**Ashok Chhajer**  
Managing Director



**FORM**

[See Rule 3 of the Companies (Compliance Certificate) Rules, 2001]

**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 M/s. 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 31<sup>st</sup> March, 2014. 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 15<sup>th</sup> April, 2013, 30<sup>th</sup> May, 2013, 28<sup>th</sup> June, 2013, 16<sup>th</sup> July, 2013, 14<sup>th</sup> August, 2013, 28<sup>th</sup> October, 2013, 12<sup>th</sup> November, 2013, 3<sup>rd</sup> December, 2013, 13<sup>th</sup> February, 2014 and 21<sup>st</sup> March, 2014 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 7<sup>th</sup> September, 2013 to 28<sup>th</sup> September, 2013 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2013 was held on 28<sup>th</sup> September, 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.
7. The Company has not held any Extraordinary General Meeting during the year under review.
8. The Company has not advanced loan to its directors and/or persons or firms or companies referred in the Section 295 of the Companies Act, 1956 and/or Section 185 of the Companies Act, 2013 as may be applicable.
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 generally 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 not issued any duplicate share certificate during the financial year under review.

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13. The Company has:
- a. delivered Certificates during stipulated time in connection with allotment of 5,65,000 Equity Shares as part of the conversion of Convertible Equity Warrants in to Equity Shares on 28<sup>th</sup> October, 2013 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 has allotted 5,65,000 Equity Shares of ` 10/- each at a Premium of ` 17/- per Equity Share upon conversion of 5,65,000 Equity Warrants during the financial year under review after complying with necessary provisions of the Act.
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 amounts borrowed by the Company from directors, financial institutions, banks and/or others during the financial year ending 31<sup>st</sup> March, 2014 are within the borrowing limits prescribed under section 293(1)(d) of the Companies Act, 1956 and/or Section 180(1)(c) of the Companies Act, 2013 as may be applicable.
25. During the year the Company has advanced loan to body corporate after complying with the provisions of the Act. The Company has not 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 not altered its Articles of Association during the year under scrutiny.
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 KASHYAP R. MEHTA & ASSOCIATES**  
Company Secretaries

Place : Ahmedabad  
Date : 29<sup>th</sup> July, 2014

**Kashyap R. Mehta**  
Proprietor  
FCS No.: 1821  
COP No.: 2052

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**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 31<sup>st</sup> March, 2014:

**A. REGISTRAR OF COMPANIES, GUJARAT:**

<b>Sr. No.</b>	<b>Form No.</b>	<b>Under section</b>	<b>Purpose</b>	<b>Date of filing</b>	<b>Whether filed within time ?</b>
1.	23	192	Resolution under Section 293 (1)(a) and 293(1)(d) of the Companies Act, 1956	16-04-2013	No (Additional Fees paid)
2	8	135	Particulars of modification of Charge	25-04-2013	Yes
3	8	135	Particulars of modification of Charge	25-04-2013	Yes
4	62	Rule 4(A)	Statement in lieu of Advertisement	16-07-2013	Yes
5	66	383A	Compliance Certificate for the financial year ended 31 <sup>st</sup> March, 2013	28-09-2013	Yes
6	23	192	Resolution under Section 293(1)(a) of the Companies Act, 1956	28-09-2013	Yes
7	23 AC & ACA - XBRL	220	Balance Sheet as on 31 <sup>st</sup> March, 2013 and the Statement of Profit & Loss with all annexure and attachments	30-09-2013	Yes
8	20B	159	Annual Return made up to 28 <sup>th</sup> September, 2013	17-10-2013	Yes
9	2	75	Return of Allotment of 5,65,000 Equity Shares on 28-10-2013	28-10-2013	Yes
10	CHG-1	77	Particulars of registration of modification of Charge modified on 24 <sup>th</sup> March, 2014 under Section 77 of the Companies Act, 2013	22-05-2014	Yes
11	CHG-1	77	Particulars of registration of modification of Charge modified on 24 <sup>th</sup> March, 2014 under Section 77 of the Companies Act, 2013	22-05-2014	Yes

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

**NIL**

**For KASHYAP R. MEHTA & ASSOCIATES**  
Company Secretaries

Place : Ahmedabad  
Date : 29<sup>th</sup> July, 2014

**Kashyap R. Mehta**  
Proprietor  
FCS No.: 1821  
COP No.: 2052

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**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 as on 31<sup>st</sup> March, 2014 and also at the date of this report:**

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meetings attended from 1-4-2013 to 31-3-2014	Attendance at the AGM held on 28-09-2013 Yes(Y)/No(N)
Ashok Chhajer Managing Director	Promoter-Executive	3	1	10	Y
Rishab Chhajer Joint Managing Director	Promoter-Executive	—	—	10	Y
Binod Chhajer	Promoter-Non-Executive	—	—	10	N
Kashyap R. Mehta	Independent Non-executive	3	3	10	Y
Anilkumar Bhandari	Independent Non-executive	2	1	10	Y
Alpesh R. Tripathi#	Independent Non-executive	—	1	10	Y

\* Private companies excluded.

# ceased to be Director w.e.f. 29<sup>th</sup> July, 2014 upon Resignation.

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

Name of Director	Mr. Binod Chhajjer	Mr. Kashyap R. Mehta	Mr. Anilkumar Bhandari	Mr. Ashok Chhajjer
Date of Birth	30-07-1957	07-03-1960	24-02-1968	02-02-1958
Date of Appointment	03-04-1990	23-09-1999	13-02-2012	01-10-2004
Qualifications	B.Com	B.Com, FCS, ACIS (London), ACMA	B.Sc., LL.B.	B.Com
Expertise in specific functional areas	Finance, Marketing & Management	Corporate Laws & Finance	Banking, Finance & Corporate Strategy	Management & Administration
List of Public Limited Companies in which Directorships held	NIL	Prism Finance Ltd.; Typhoon Financial Services Ltd.; Som Shiva Impex Ltd.	Indo Credit Capital Limited; National Hotels Limited	APA Finance Ltd.; Typhoon Financial Services Ltd.; Indian Agrotech Ltd.
List of Private Limited Companies in which Directorships held	Rishabh Business Pvt. Ltd.; Rishbhi Tradeimpex Pvt. Ltd.; Calcutta Packaging Pvt. Ltd.	Innovate Securities Pvt. Ltd.; Innovate Derivatives Pvt. Ltd.; Samurai Holdings Pvt. Ltd.	Rena Issance Fiscal Services Private Limited	Woodlands Consultancy Pvt. Ltd.; Flora Commerce Pvt. Ltd.; Technomod Properties Pvt. Ltd.; Rishabh Business Pvt. Ltd.; Ethnic Apparels Private Limited; Worldwide Impex Pvt. Ltd.; Castle Housing Development Pvt. Ltd.; Bosco Chemtex Pvt. Ltd.
Chairman/Member of the Committees of the Board of Directors of our Company	Audit Committee; Nomination & Remuneration Committee; and Stakeholders' Relationship Committee	Audit Committee, Nomination & Remuneration Committee; and Stakeholders' Relationship Committee	Audit Committee; and Nomination & Remuneration Committee	NIL
Chairman/Member of the Committees of Directors of other Companies	NIL	Prism Finance Limited; Typhoon Fin.Ser.Ltd. Som Shiva (Impex)Ltd.	Indo Credit Capital Limited	Typhoon Financial Services Ltd.
Shareholding in the Company	NIL	NIL	NIL	13,92,000 Equity Shares

**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 for a period from 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 were held on 15-04-2013, 30-05-2013, 28-06-2013, 16-07-2013, 14-08-2013, 28-10-2013, 12-11-2013, 03-12-2013, 13-02-2014 and 21-03-2014.

**3. AUDIT COMMITTEE:**

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Anilkumar Bhandari	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 in 2013-14 on : 30-05-2013, 14-08-2013, 12-11-2013 & 13-02-2014.
Binod Chhajjer			
Kashyap R. Mehta			

**4. NOMINATION & 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. Anilkumar Bhandari, Chairman - Non-executive Independent
2. Mr. Binod Chhajjer, Member - Non-executive
3. Mr. Kashyap R. Mehta, Member - Non-executive Independent

All the members attended the meetings held in 2013-14 on 30-05-2013 and 12-11-2013.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of ` 19.80 lacs to Managing Director/ Joint Managing Director during the year 2013-14.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.

**5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Board has constituted a Stakeholders' Relationship Committee for the purpose of effective redressal of the complaints of the stakeholders such as Dematerialisation, Share Transfer, Non receipt of Balance Sheet, Dividend Warrants etc.

Mr. Binod Chhajjer, 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 31<sup>st</sup> March, 2014.

Mr. Ashok Chhajjer, 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
2010-2011	24-09-2011	12.00 Noon.	Plot No.431, Santej-Vadsar Road, Village: Santej, Taluka : Kalol-382 721, Dist : Gandhinagar.
2011-2012	27-09-2012	12.00 Noon.	
2012-2013	28-09-2013	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.
- c) Code of Conduct:  
The Board of Directors has adopted the Code of Conduct for Directors and Senior Management and the same has been placed on the Company's website. All Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review.
- d) Prohibition of Insider Trading:  
In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing with the shares of the Company.

## 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 also displayed on Company's website [www.gujaratcraft.com](http://www.gujaratcraft.com).
- b) During the year ended on 31<sup>st</sup> March, 2014 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 : Friday Date : 26 <sup>th</sup> September, 2014 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 Half-yearly Results 3rd Quarter Results Audited yearly Results	Mid - August, 2014. Mid - November, 2014. Mid - February, 2015. End - May, 2015.
d) Book Closure Dates	From : Friday, the 12 <sup>th</sup> September, 2014 To : Friday, the 26 <sup>th</sup> September, 2014 (Both days inclusive).
e) Dividend Payment Date	N.A.



**30<sup>TH</sup> ANNUAL REPORT 2013-14**

f)	Listing of Shares on Stock Exchanges	:	<ol style="list-style-type: none"> <li>1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.</li> <li>2. Madras Stock Exchange Limited, 'Exchange Building' Post Box No.183 11, Second Line Beach, Chennai-600 001.</li> <li>3. Ahmedabad Stock Exchange Limited, Kamdhenu Complex, 1<sup>st</sup> Floor, Opp. Sahajanand College, Panjara Pole Ambawadi, Ahmedabad - 380 015.</li> </ol>								
g)	Stock Exchange Code	:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Stock Exchange</th> <th style="text-align: left;">Code</th> </tr> </thead> <tbody> <tr> <td>ASE</td> <td>20214</td> </tr> <tr> <td>BSE</td> <td>526965</td> </tr> <tr> <td>MSE</td> <td>GUJCRAFT</td> </tr> </tbody> </table>	Stock Exchange	Code	ASE	20214	BSE	526965	MSE	GUJCRAFT
Stock Exchange	Code										
ASE	20214										
BSE	526965										
MSE	GUJCRAFT										
h)	Registrar and Share Transfer Agents (for both Physical and Demat Segment of Equity Shares) of the Company : <b>M/s. Link Intime (India) Private Limited,</b> 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: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a>										
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. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants.										

k) Stock Price Data : The shares of the Company for 2013-14 on BSE Limited are as follows.

Month	BSE Limited		
	High (₹)	Low (₹)	No. of Shares Traded
April, 2013	8.91	8.05	641
May, 2013	8.00	7.62	350
June, 2013	7.95	6.88	1449
July, 2013	8.72	7.92	459
August, 2013	9.52	7.47	915
September, 2013	9.53	8.19	3550
October, 2013	9.06	7.78	552
November, 2013	13.14	8.56	15425
December, 2013	17.70	13.12	970
January, 2014	14.75	10.95	360
February, 2014	10.41	8.10	6990
March, 2014	9.36	7.76	3611

l) Distribution of Shareholding as on 30<sup>th</sup> June, 2014:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	4817	94.90	635793	13.01
501 to 1000	126	2.48	103969	2.13
1001 to 2000	62	1.22	91068	1.86
2001 to 3000	25	0.49	63190	1.29
3001 to 4000	9	0.18	33043	0.68
4001 to 5000	6	0.12	27600	0.56
5001 to 10000	13	0.26	92397	1.89
10001 & Above	18	0.35	3841240	78.58
Grand Total	5076	100.00	4888300	100.00

m) Category of Shareholders as on 30<sup>th</sup> June, 2014:

Category	No. of Shares held	% of Shareholding
Promoters	3608990	73.83
Financial Institutions/Banks	—	—
Bodies Corporate	8547	0.17
NRIs, Clearing Members	3700	0.07
Publics	1267063	25.92
Grand Total	4888300	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 had issued 17,75,000 convertible Equity Warrants and as on date no Equity Warrants are pending for conversion into Equity Shares.

o) Dematerialisation of : Company's Shares are traded compulsorily in dematerialised mode. As on date approx. 84% of the Equity Shares of the Company are in dematerialised mode.

**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 and 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, shareholders may contact to the Company's Registrar and Share Transfer Agent at:  
M/s. Link Intime (India) Private Limited.  
Unit No 303, 3<sup>rd</sup> 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](mailto:ahmedabad@linkintime.co.in)

Compliance Officer : Mr. Ashok Chhajer, Managing Director

**12. DECLARATION:**

All the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the year ended on 31<sup>st</sup> March, 2014.

Place : Ahmedabad. for and on behalf of the Board,  
Date : 29<sup>th</sup> July, 2014. **Rishab Chhajer**  
Joint Managing Director **Ashok Chhajer**  
Managing Director

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**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 31<sup>st</sup> March, 2014 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 31<sup>st</sup> March, 2014 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 KASHYAP R. MEHTA & ASSOCATES,**  
Company Secretaries

Place : Ahmedabad  
Date : 29<sup>th</sup> July, 2014

**KASHYAP R. MEHTA**  
Proprietor  
**FCS: 1821**  
**COP: 2052**

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## 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 be 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 2013-14 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 : 29<sup>th</sup> July, 2014.

**Rishab Chhajer**  
Joint Managing Director

**Ashok Chhajer**  
Managing Director

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**INDEPENDENT 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, 2014, 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**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act), read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that 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, 2014;
- (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:
- 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;
  - 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
  - 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
  - In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the accounting standards notified under the Companies Act, 1956, read with General Circular 15/2013 dated 13 September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013;
  - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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 : May 28, 2014

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

#### **Annexure to independent auditors' report**

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

- Fixed Assets register is under compilation.
  - 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.
  - 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.
- 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.
  - 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.
  - 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.
- 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 :
  - The company has granted unsecured demand loan, to company listed in the register maintained under section 301 of the Act. The number of company to whom loan granted during the year is

- 
- one. The maximum amount involved during the year was ` 844 ('000) and year-end balance of loans given to such companies is ` Nil.
- (b) The company has taken unsecured loans, from parties listed in the register maintained under section 301 of the Act. The number of parties from whom loans taken during the year is nine. The maximum amount involved during the year was ` 95,354 ('000) and the year-end balance of loans taken from such companies is ` 92,543 ('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 paid to / 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) In our opinion and according to the information and explanations given to us where each such transaction made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ` 5 lakhs in respect of each party during the year have been made at the prices which are prima facie appear reasonable having regard to prevailing market prices at the relevant time.
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 investor education & protection fund, employees state insurance, 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 ` 628 ('000) as at 31st March, 2014 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax/ income tax/ custom duty/ wealth tax/ excise duty/ service tax/ cess which have not been deposited on account of any dispute.
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 : May 28, 2014

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



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

	Notes	in ('000) 31 <sup>st</sup> March, 2014	in ('000) 31 <sup>st</sup> March, 2013
<b>Equity and liabilities</b>			
Shareholders' funds			
Share capital	3	41,083	35,433
Money received against warrant	4	21,060	28,615
Reserves and Surplus	5	75,566	54,265
		<u>137,709</u>	<u>118,313</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6	279,770	148,688
Deferred tax liability (net)	7	18,600	13,895
Long-term provisions	8	723	591
		<u>299,093</u>	<u>163,174</u>
<b>Current Liabilities</b>			
Short-term borrowings	9	161,516	87,040
Trade payables	10	206,035	114,854
Other current liabilities	11	36,790	26,777
Short-term provisions	8	2,693	2,629
		<u>407,034</u>	<u>231,300</u>
<b>TOTAL</b>		<u><b>843,836</b></u>	<u><b>512,787</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	238,933	149,606
Capital work-in-progress		2,143	22,157
		<u>241,076</u>	<u>171,763</u>
Long-term loans and advances	13	14,216	4,857
Other non-current assets	14	4,944	1,711
		<u>260,236</u>	<u>178,331</u>
<b>Current assets</b>			
Inventories	15	259,526	141,017
Trade receivables	16	263,479	157,782
Cash and bank balances	17	7,111	5,074
Short-term loans and advances	13	35,375	17,202
Other current assets	14	18,109	13,381
		<u>583,600</u>	<u>334,456</u>
<b>Total</b>		<u><b>843,836</b></u>	<u><b>512,787</b></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 : 28th May, 2014

**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 : 28th May, 2014

## Statement of PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

	Notes	in ('000) 31 <sup>st</sup> March, 2014	in ('000) 31 <sup>st</sup> March, 2013
<b>Income</b>			
Revenue from operations (gross)	18	970,756	699,599
Less: excise duty		58,105	46,792
Revenue from operations (net)		912,651	652,807
Other Income	19	839	10,877
<b>Total revenue (I)</b>		<b>913,490</b>	<b>663,684</b>
<b>Expenses</b>			
Cost of raw materials	20	826,172	578,254
(Increase)/ decrease in inventories of finished goods, work-in-progress	21	(116,906)	(55,560)
Employee benefits expense	22	10,928	9,056
Other expenses	23	134,108	80,080
<b>Total (II)</b>		<b>854,302</b>	<b>611,830</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>59,188</b>	51,854
Depreciation and amortization expense	12	13,199	12,582
Finance costs	24	28,145	23,132
<b>Profit before tax</b>		<b>17,844</b>	16,140
<b>Tax expenses</b>			
Current tax		3,669	3,767
Less: MAT Credit		(2,226)	-
Deferred tax		4,705	1,311
<b>Total tax expenses</b>		<b>6,148</b>	5,078
<b>Profit for the year</b>		<b>11,696</b>	11,062
<b>Earnings per equity share</b> [nominal value of share ` 10 (31 March 2013: ` 10)]			
<b>Basic</b>			
Computed on the basis of total profit for the year	25	3.10	3.53
<b>Diluted</b>			
Computed on the basis of total profit for the year		2.39	-
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 : 28th May, 2014

**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 : 28th May, 2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	in ('000) 31 <sup>st</sup> March, 2014	in ('000) 31 <sup>st</sup> March, 2013
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	17,844	16,140
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	13,198	12,582
Provision For Employee Benefit	163	215
Loss on sale of assets	1,108	315
Bad debts / advances written off	190	45
Interest expense	28,145	23,131
Interest income	(839)	(973)
Operating profit before working capital changes	59,809	51,455
<b>Movements in working capital :</b>		
Increase in trade payables	91,181	53,572
Increase/(decrease) in other current liabilities	10,013	6,734
Decrease/(Increase) in trade receivables	(105,886)	(57,467)
Decrease/(increase) in inventories	(118,509)	(60,770)
Decrease / (increase) in loans and advances	(7,275)	9,347
Decrease / (increase) in short-term loans and advances	(18,174)	(13,831)
Decrease/(increase) in other current assets	(4,728)	(1,738)
Decrease/(increase) in other non-current assets	(3,234)	2,062
Cash generated from /(used in) operations	(96,803)	(10,636)
Direct taxes paid (net of refunds)	(3,494)	(2,017)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>(100,297)</b>	<b>(12,653)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP	(85,649)	(35,558)
Sale of Fixed assets	2,030	400
Interest received	839	973
<b>Net cash flow from/(used in) investing activities (B)</b>	<b>(82,780)</b>	<b>(34,185)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	143,750	31,712
Repayment of long-term borrowings	(12,668)	(10,608)
Proceeds from short-term borrowings	74,477	13,138
Proceeds from issue of share capital and warrant	7,700	40,225
Interest paid	(28,145)	(23,131)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<b>185,114</b>	<b>51,336</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	2,037	4,498
Cash and cash equivalents at the beginning of the year	5,074	576
<b>Cash and cash equivalents at the end of the year</b>	<b>7,111</b>	<b>5,075</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	705	303
Balance with banks	6,406	4,772
<b>Total cash and cash equivalents (refer note 17)</b>	<b>7,111</b>	<b>5,075</b>

Summary of significant accounting policies 2.1

The above Cash Flow Statement has been prepared under Indirect Method set out in Accounting Standard 3, notified in Companies (Accounting Standards) Rules, 2006.

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 : 28th May, 2014

**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 : 28th May, 2014

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## Notes to financial statements for the year ended 31<sup>st</sup> March 2014

### 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 BSE Limited, Madras Stock Exchange Limited and Ahmedabad Stock Exchange Limited 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.

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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

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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.

**I. 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 31<sup>ST</sup> MARCH 2014**

	31 <sup>ST</sup> March, 2014 ` in ('000)		31 <sup>ST</sup> March, 2013 ` in ('000)	
<b>3. Share capital</b>				
<b>Authorized share capital</b>				
50,00,000 (31 March 2013: 50,00,000) equity shares of ` 10/- each		<b>50,000</b>		50,000
<b>Issued, subscribed and fully paid-up share capital</b>				
41,08,300 (31 March 2013: 35,43,300) equity shares of ` 10/- each		<b>41,083</b>		35,433
<b>Total issued, subscribed and fully paid-up share capital</b>		<b>41,083</b>		35,433
<b>a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period</b>				
<b>Equity shares</b>	<b>31<sup>ST</sup> March 2014</b>		<b>31<sup>ST</sup> March 2013</b>	
	<b>Number</b>	<b>` in ('000)</b>	<b>Number</b>	<b>` in ('000)</b>
At the beginning of the period	<b>3,543,300</b>	<b>35,433</b>	3,113,300	31,133
Issued during the period	<b>565,000</b>	<b>5,650</b>	430,000	4,300
<b>Outstanding at the end of the period</b>	<b>4,108,300</b>	<b>41,083</b>	3,543,300	35,433
<b>b. Terms/rights attached to equity shares</b>				
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.				
<b>c. Details of shareholders holding more than 5% shares in the company</b>				
	<b>31<sup>ST</sup> March 2014</b>		<b>31<sup>ST</sup> March 2013</b>	
	<b>Number</b>	<b>% holding in the class</b>	<b>Number</b>	<b>% holding in the class</b>
Equity shares of ` 10 each fully paid				
Ashokkumar Chhajer	<b>1,277,000</b>	<b>31.08%</b>	1,187,000	33.50%
Sushma Chhajer	<b>379,440</b>	<b>9.24%</b>	289,440	8.17%
Ratanchand Ashokkumar	<b>375,800</b>	<b>9.15%</b>	340,800	9.62%
Rishab Chhajer	<b>355,000</b>	<b>8.64%</b>	225,000	6.35%
	<b>Number</b>	<b>31 March, 14 ` in (000)</b>	<b>Number</b>	<b>31 March, 13 ` in (000)</b>
<b>4 Money Received Against Warrant</b>				
Application Money at the beginning of the Year	<b>1,345,000</b>	<b>28,615</b>	-	-
Money received during the Year converted (Equity Share of ` 10 at a premium @ ` 17)	-	<b>7,700</b>	1,775,000	40,225
Money remains against warrant	<b>(565,000)</b>	<b>(15,255)</b>	(430,000)	(11,610)
	<b>780,000</b>	<b>21,060</b>	1,345,000	28,615
	<b>31<sup>ST</sup> March, 2014 ` in ('000)</b>		<b>31<sup>ST</sup> March, 2013 ` in ('000)</b>	
<b>5. Reserves and surplus</b>				
<b>General reserve</b>				
Balance as per the last financial statements		<b>430</b>		430
Closing Balance		<b>430</b>		430
<b>Security Premium Account</b>				
Balance as per the last financial statements		<b>7,310</b>		-
Add: on allotment during the year		<b>9,605</b>		7,310
Closing Balance		<b>16,915</b>		7,310
<b>Surplus in the statement of profit and loss</b>				
Balance as per last financial statements		<b>46,525</b>		35,463
Profit for the year		<b>11,696</b>		11,062
Net surplus in the statement of profit and loss		<b>58,221</b>		46,525
Total reserves and surplus		<b>75,566</b>		54,265

## 6. Long-term borrowings

	Non-current portion		Current maturities	
	31 <sup>st</sup> March, 14 in ('000)	31 <sup>st</sup> March, 13 in ('000)	31 <sup>st</sup> March, 14 in ('000)	31 <sup>st</sup> March, 13 in ('000)
<b>Term loans</b>				
Term Loan From State Bank of India (secured)	92,853	47,296	16,800	10,704
Loan from Finance Company (secured) Against hypothecation of vehicle	1,982	1,788	2,719	1,361
<b>Other loans</b>				
Loans from director (unsecured)	6,880	-	-	-
Inter Corporate Loans (unsecured)	178,055	99,604	-	-
	<b>279,770</b>	<b>148,688</b>	<b>19,519</b>	<b>12,065</b>
<b>The above amount includes</b>				
Secured borrowings	94,835	49,084	19,519	12,065
Unsecured borrowings	178,055	99,604	-	-
Amount disclosed under the head "other current liabilities" (Refer note 11)	-	-	(19,519)	(12,065)
<b>Net amount</b>	<b>279,770</b>	<b>148,688</b>	<b>-</b>	<b>-</b>

Term loans from State Bank of India are taken during the financial year 2006-07 to 2013-14 and carries interest 14.00% to 14.50 % p.a. The loans are 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. Auto Loans taken from finance company is secured by hypothecation of vehicle taken on finance and carries interest 9.70% to 11.00% p.a. The loans are repayable in 36 monthly installment alongwith interest, from the date of loan. Unsecured loans are interest free and are repayable after five years from the respective date of loan. (Also guaranteed by Managing Director)

	31 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>7 Deferred tax Liability (net)</b>		
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	18,967	14,193
<b>Gross deferred tax liability</b>	<b>18,967</b>	<b>14,193</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	367	298
Others	-	-
<b>Gross deferred tax asset</b>	<b>367</b>	<b>298</b>
<b>Net deferred tax liability</b>	<b>18,600</b>	<b>13,895</b>

## 8. Provisions

	Long-term		Short-term	
	31 <sup>st</sup> March, 14 in ('000)	31 <sup>st</sup> March, 13 in ('000)	31 <sup>st</sup> March, 14 in ('000)	31 <sup>st</sup> March, 13 in ('000)
<b>Provision for employee benefits</b>				
Provision for gratuity (note 26)	666	542	38	11
Provision for compensated absences	57	49	9	5
	<b>723</b>	<b>591</b>	<b>47</b>	<b>16</b>
<b>Other provisions</b>				
Provision for Income tax (net of advance tax)	-	-	2,646	2,613
	-	-	2,646	2,613
	<b>723</b>	<b>591</b>	<b>2,693</b>	<b>2,629</b>

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	31 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>9. Short-term borrowings</b>		
<b>From Bank:</b>		
Cash credit / packing credit / S.L.C. (secured)	126,158	85,411
<b>Other loans</b>		
Inter Corporate Loans (unsecured)	35,358	1,629
	<u>161,516</u>	<u>87,040</u>
<b>The above amount includes</b>		
Secured borrowings	126,158	85,411
Unsecured borrowings	35,358	1,628,872
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 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>10. Trade payables</b>		
Trade payables (note 36)	206,035	114,854
	<u>206,035</u>	<u>114,854</u>

	31 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>11. Other current liabilities</b>		
Current maturities of long-term borrowings (Note:6)	19,518	12,065
Statutory liabilities payable	8,536	7,186
Advance received from customers	6,137	4,734
Interest accrued and due on borrowings	1,969	703
Payables on purchase of fixed assets	630	2,089
	<u>36,790</u>	<u>26,777</u>

	in ('000)								
	Land (Free Hold)	Factory Building	Plant and Machinery	Electrical Equipments	Office Equipments	Computers	Furniture & fixtures	Vehicles	Total
<b>At 31<sup>st</sup> March 2013</b>	2,285	59,191	143,295	6,543	2,828	578	519	7,592	222,831
Additions	-	19,061	81,258	827	270	136	69	4,040	105,661
Disposals	-	-	25,968	-	-	-	-	-	25,968
<b>At 31<sup>st</sup> March 2014</b>	<u>2,285</u>	<u>78,252</u>	<u>198,585</u>	<u>7,370</u>	<u>3,098</u>	<u>714</u>	<u>588</u>	<u>11,632</u>	<u>302,524</u>
<b>Depreciation</b>									
At 31 <sup>st</sup> March 2013	-	11,596	56,007	3,151	593	289	199	1,390	73,225
Charge for the year	-	1,996	9,381	483	241	48	32	1,016	13,197
Disposals	-	-	22,831	-	-	-	-	-	22,831
<b>At 31<sup>st</sup> March 2014</b>	<u>-</u>	<u>13,592</u>	<u>42,557</u>	<u>3,634</u>	<u>834</u>	<u>337</u>	<u>231</u>	<u>2,406</u>	<u>63,591</u>
<b>Impairment loss</b>									
At 31 <sup>st</sup> March 2013	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Block</b>									
<b>At 31<sup>st</sup> March 2014</b>	<u>2,285</u>	<u>64,660</u>	<u>156,028</u>	<u>3,736</u>	<u>2,264</u>	<u>377</u>	<u>357</u>	<u>9,226</u>	<u>238,933</u>
At 31 <sup>st</sup> March 2013	2,285	47,595	87,288	3,392	2,235	297	135	6,379	149,606

	Long-term		Short-term	
	31 <sup>st</sup> March, 14 ` in ('000)	31 <sup>st</sup> March, 13 ` in ('000)	31 <sup>st</sup> March, 14 ` in ('000)	31 <sup>st</sup> March, 13 ` in ('000)
<b>13. Loans and advances</b>				
<b>Capital advances</b>				
Unsecured, considered good	9,034	1,668	-	-
(A)	9,034	1,668	-	-
<b>Security deposit</b>				
Unsecured, considered good	462	554	1,408	8,281
(B)	462	554	1,408	8,281
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	-	-	5,565	3,083
(C)	-	-	5,565	3,083
<b>Other loans and advances</b>				
MAT Credit entitlement	4,720	2,635	-	-
Prepaid expenses	-	-	241	138
Loans to employees	-	-	46	41
Balances with statutory / government authorities	-	-	28,115	5,659
(D)	4,720	2,635	28,402	5,838
<b>Total (A + B + C + D)</b>	<b>14,216</b>	<b>4,857</b>	<b>35,375</b>	<b>17,202</b>
	Non-Current		Current	
	31 <sup>st</sup> March, 14 ` in ('000)	31 <sup>st</sup> March, 13 ` in ('000)	31 <sup>st</sup> March, 14 ` in ('000)	31 <sup>st</sup> March, 13 ` in ('000)
<b>14 Other assets</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances (note 17)	4,944	1,711	-	-
(A)	4,944	1,711	-	-
Export benefits receivable	-	-	15,333	10,789
Interest accrued on fixed deposits	-	-	616	971
Grants/subsidy receivables	-	-	2,160	1,621
(B)	-	-	18,109	13,381
<b>Total (A + B)</b>	<b>4,944</b>	<b>1,711</b>	<b>18,109</b>	<b>13,381</b>
			31 <sup>st</sup> March, 2014 ` in ('000)	31 <sup>st</sup> March, 2013 ` in ('000)
<b>15. Inventories</b>				
Raw materials (includes in transit ` 3,031 in ('000) (31 March 2013: ` 6,494 in ('000) (note 20)			27,731	26,349
Work-in-progress (note 21)			159,991	79,288
Finished goods (note 21)			69,072	32,835
Waste			274	308
Stores and spares			2,458	2,237
			<b>259,526</b>	<b>141,017</b>
<b>16. Trade receivables</b>				
<b>Unsecured, considered good unless stated otherwise</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good			77,904	13,543
Doubtful			-	585
(A)			<b>77,904</b>	<b>14,128</b>
Other receivables				
Unsecured, considered good			185,575	143,654
(B)			<b>185,575</b>	<b>143,654</b>
<b>Total (A + B)</b>			<b>263,479</b>	<b>157,782</b>

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	<b>Non-current</b>		<b>Current</b>	
	<b>31<sup>st</sup> March, 14 ` in ('000)</b>	<b>31<sup>st</sup> March, 13 ` in ('000)</b>	<b>31<sup>st</sup> March, 14 ` in ('000)</b>	<b>31<sup>st</sup> March, 13 ` in ('000)</b>
<b>17. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	-	-	213	602
On deposit accounts	-	-	6,193	4,169
Cash on hand	-	-	705	303
	-	-	<b>7,111</b>	<b>5,074</b>
Other bank balances				
Deposits with original maturity for more than 12 months ( Margin Money Deposit )	<b>4,945</b>	1,711	-	-
	<b>4,945</b>	1,711	-	-
Amount disclosed under non-current assets (note 14)	<b>(4,945)</b>	(1,711)	-	-
	-	-	<b>7,111</b>	<b>5,074</b>

**Deposits given as security**

Fixed deposits with a carrying amount of ` 7,914 in ('000)(31 March 2013: ` 5,580 in ('000) are pledged with the Bank towards letter of credit and ` 3,224 in ('000) (31 March 2013: ` 300 in ('000) towards bank guarantee.

	<b>31<sup>st</sup> March, 2014 ` in ('000)</b>	<b>31<sup>st</sup> March, 2013 ` in ('000)</b>
<b>18. Revenue from operations</b>		
<b>Revenue from operations</b>		
Sale of products		
Finished goods	<b>939,965</b>	676,186
Other operating revenue		
Scrap sales	<b>8,198</b>	5,974
Job work Income	<b>411</b>	825
Export benefits	<b>22,182</b>	16,614
<b>Revenue from operations (gross)</b>	<b>970,756</b>	699,599
Less: Excise duty #	<b>58,105</b>	46,792
Revenue from operations (net)	<b>912,651</b>	652,807
# Excise duty on sales amounting to ` <b>58,105 in ('000)</b> (31 March 2013: ` 46,792 in ('000) has been reduced from sales in profit & loss account.		
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Fabrics	<b>186,269</b>	96,691
Sacks	<b>409,662</b>	292,318
Tarpaulin	<b>344,034</b>	286,646
Others	-	531
	<b>939,965</b>	<b>676,186</b>
<b>19. Other income</b>		
Interest income		
Bank deposits	<b>772</b>	503
Others	<b>67</b>	471
Exchange rate differences (net)	-	7,248
Prior period item (Refer note 31)	-	2,655
	<b>839</b>	<b>10,877</b>

	31 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>20. Cost of raw material consumed</b>		
Inventory at the beginning of the year	19,855	15,748
Add: Purchases	<b>834,048</b>	582,361
	<b>853,903</b>	598,109
Less: inventory at the end of the year	<b>27,731</b>	19,855
Cost of raw materials consumed	<b>826,172</b>	578,254
<b>Details of raw material consumed</b>		
Fabric	<b>29,204</b>	28,703
Granules	<b>667,674</b>	472,464
Master batch and others	<b>129,294</b>	77,087
	<b>826,172</b>	578,254
<b>Details of inventory</b>		
Raw materials		
Granules	<b>23,239</b>	17,474
Master batch and others	<b>4,492</b>	2,381
	<b>27,731</b>	19,855
	<b>31<sup>st</sup> March 2014</b>	<b>31<sup>st</sup> March 2013</b>
	in ('000)	in ('000)
<b>21. (Increase)/ decrease in inventories of finished goods, work-in-progress</b>		<b>(Increase) / decrease</b>
<b>Inventories at the end of the year</b>		<b>in ('000)</b>
Work-in-progress	159,991	(80,703)
Finished goods	69,072	(36,237)
Waste	274	34
	<b>229,337</b>	<b>(116,906)</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	79,288	(50,635)
Finished goods	32,835	(4,745)
Waste	308	(180)
	<b>112,431</b>	<b>(55,560)</b>
	<b>(116,906)</b>	<b>(55,560)</b>
	<b>31<sup>st</sup> March, 2014</b>	<b>31<sup>st</sup> March, 2013</b>
	in ('000)	in ('000)
<b>Details of inventory</b>		
<b>Work-in-progress</b>		
Tape	<b>20,560</b>	8,651
Fabric	<b>139,221</b>	70,348
Others	<b>210</b>	289
	<b>159,991</b>	79,288
<b>Finished goods</b>		
Sacks	<b>14,247</b>	6,843
Tarpaulin	<b>54,825</b>	25,992
	<b>69,072</b>	32,835

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	31 <sup>st</sup> March, 2014 in ('000)	31 <sup>st</sup> March, 2013 in ('000)
<b>22. Employee benefits expense</b>		
Salaries, wages and bonus	10,410	8,471
Contribution to provident fund	232	236
Gratuity expense (note 26)	152	199
Leave Encashment Expense	20	16
Staff welfare expenses	114	134
	<u>10,928</u>	<u>9,056</u>
<b>23. Other expenses</b>		
Consumption of stores and spares	10,912	7,088
Labour & Process charges	9,584	2,359
Increase/(decrease) of excise duty on inventory	3,986	522
Power and fuel	46,843	32,139
Freight and forwarding charges	41,279	24,430
Insurance	1,186	502
Repairs and maintenance		
Plant and machinery	934	776
Buildings	77	23
Others	365	386
Payment to auditor (Refer details below)	213	219
Loss on sale of assets	1,108	315
Exchange differences (net)	1,203	-
Bad debts/advances written off	190	45
Miscellaneous expenses	16,228	11,276
	<u>134,108</u>	<u>80,080</u>
<b>Payment to auditor</b>		
<b>As auditor:</b>		
Audit fee	120	120
Tax audit fee	80	80
Limited review & Certification	13	19
	<u>213</u>	<u>219</u>
<b>24. Finance costs</b>		
Interest cost:		
On Term Loan	4,611	5,409
On Cash Credit	8,424	7,395
To Others	11,766	8,053
Bank charges	3,344	2,275
	<u>28,145</u>	<u>23,132</u>
<b>25. Earnings per share (EPS)</b>		
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)	11,696	11,062
Weighted average number of Equity Shares in calculating basic EPS	3,778,717	3,131,217
Equity Shares in calculating Diluted EPS	4,888,300	-
Basic EPS in `	3.10	3.53
Diluted EPS in `	2.39	-
<b>26 Gratuity and other post-employment benefit plans</b>		
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 ` 232 ('000) (Year ended 31 March, 2013 ` 236 ('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

	<b>Gratuity</b>	
	<b>31<sup>st</sup> March, 2014</b>	<b>31<sup>st</sup> March, 2013</b>
	<b>in (000)</b>	<b>in (000)</b>
Current service cost	170	63
Interest cost on benefit obligation	45	30
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	<b>(63)</b>	106
<b>Net benefit expense</b>	<b>152</b>	199
<b>Balance sheet</b>		
Benefit asset/liability		
Present value of defined benefit obligation	704	553
Fair value of plan assets	-	-
Present value of defined benefit obligation	<b>704</b>	<b>553</b>
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	552	353
Current service cost	170	63
Interest cost	45	30
Benefits paid	-	-
Actuarial (gains)/losses on obligation	<b>(63)</b>	106
<b>Closing defined benefit obligation</b>	<b>704</b>	<b>552</b>
The principal assumptions used in determining gratuity for the company's plans are shown below:		
Discount rate	9.31%	8.25%
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.

	<b>31<sup>st</sup> March, 2014</b>	<b>31<sup>st</sup> March, 2013</b>
	<b>in (000)</b>	<b>in (000)</b>
Finance costs	7,481	-
	<b>7,481</b>	-

**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.



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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 by geographical market is given below.

<u>Name of the Country</u>	<u>2013-14</u> <u>in (000)</u>	<u>2012-13</u> <u>in (000)</u>
<b>Sales:</b>		
India	<b>558,916</b>	426,131
Middle East	<b>189,287</b>	140,221
Africa	<b>184,887</b>	112,924
Others	<b>37,665</b>	20,322
	<b><u>970,755</u></b>	<b><u>699,598</u></b>
<b><u>Assets Located Outside India</u></b>		
Trade Receivables:		
Middle East	<b>45,527</b>	38,335
Africa	<b>65,071</b>	-
Others	<b>9,198</b>	17,638

#### 29 Related party disclosures

##### **Names of related parties and related party relationship**

Key management personnel	Ashok Chhajer Rishab Chhajer Binod Chhajer Kashyap Mehta
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Relative of Key Management personnel Susma Chhajer

##### **Enterprises where Key management Personnel Has significant Influence**

Typhoon Financial Serv. Ltd	Worldwide Impex Pvt. Ltd	APA Finance Ltd
Ethnic Appereal P. Ltd.	Technomod Prop. P. Ltd.	Woodlands Consultancy Services Pvt. Ltd.
Rishabh Business P. Ltd	Indian Agrotech Ltd.	

##### **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:

	<u>2013-14</u> <u>in (000)</u>	<u>2012-13</u> <u>in (000)</u>
<b>a. Remuneration to key managerial personnel</b>		
Mr. Ashok Chhajer, Managing director		
Salary & Allownces	<b>1,320</b>	1,320
Director Sitting Fees	-	-
Mr. Rishab Chhajer, Joint managing director		
Salary & Allownces	<b>660</b>	660
Director Sitting Fees	-	-
<b>Total</b>	<b><u>1,980</u></b>	<b><u>1,980</u></b>

**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.

##### **Receipt of Loans**

Mr. Ashok Chhajer, Managing Director	<b>6,880</b>	-
Outstanding payable as at the year end		
Mr. Ashok Chhajer, Managing Director	<b>6,880</b>	-

##### **b. Others**

Mr. kashyap Mehta, director		
Professional Fees	<b>152</b>	<b>292</b>

**Transactions With Enterprises where Key management personnel has significant Influence**

Name of the Party	2013-14			2012-13		
	` in ('000)			` in ('000)		
	Loan Taken	Loan Repaid	Outstanding Balance on 31-3-2014	Loan Taken	Loan Repaid	Outstanding Balance as on 31-3-2013
Typhoon Financial Serv. Ltd.	1,965	605	40,149	6,550	14,145	38,789
Worldwide Impex Pvt. Ltd.	23,407	4,640	18,352	3,139	7,061	-
APA Finance Ltd.	640	100	2,051	425	6,650	1,511
Ethnic Appereal P. Ltd.	-	65	1,064	-	-	1,129
Technomod Prop. P. Ltd.	2,845	145	2,725	185	160	25
Woodlands Co. Ser. P. Ltd.	20,174	2,560	17,707	8,969	13,800	93
Rishabh Business P. Ltd.	-	60	576	160	1,516	636
Indian Agrotech Ltd.	4,560	820	3,740	20	520	-

**30 Capital and other commitments**

Estimated amount of contract remaining to be executed in Capital Account (net of advances) not provided for ` 1,000 ('000) (P.Y. ` 74,188 ('000))

**31 DERIVATIVE INSTRUMENTS:**

Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2014 US \$ NIL Equivalent to ` NIL (P.Y. \$ NIL Equivalent to ` NIL)

**32** Trade receivables include ` 1,892 ('000) which are outstanding for more than three years and the same is considered fully realisable and good of recovery in the opinion of the management.

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

**34** 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.

**35** 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, 2014.

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.

**36 Contingent Liabilities and Commitments**

	31 March 2014 ` in (000)	31 March 2013 ` in (000)
Income Tax Liability for which the company has preferred an appeal before the CIT (A).	-	9,024
	-	9,024

**37 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('000) was received from them.

All warrants have been converted into equivalent number of shares by April 28, 2014 (within 18 months from the date of Allotment of Equity Warrants) after receipt of balance amount.

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	<b>2013-14</b>		<b>2012-13</b>	
	<b>in (000)</b>		<b>in (000)</b>	
<b>38 Value of imports calculated on CIF basis</b>				
Raw materials	41,617		24,652	
Components and spare parts	-		-	
	<b>41,617</b>		<b>24,652</b>	
<b>39 Expenditure in foreign currency (accrual basis)</b>				
Commission	99		743	
Travelling and conveyance	1,329		496	
	<b>1,428</b>		<b>1,239</b>	
<b>40 Imported and indigenous raw materials and spare parts consumed</b>				
<b>Year ended on</b>	<b>% of total</b>	<b>Value</b>	<b>% of total</b>	<b>Value</b>
<b>31<sup>st</sup> March, 2014</b>	<b>consumption</b>	<b>in (000)</b>	<b>consumption</b>	<b>in (000)</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
<b>Raw Materials</b>				
Imported	4.67	38,587	5.88	34,019
Indigenously obtained	95.33	787,585	94.12	544,235
	<b>100.00</b>	<b>826,172</b>	<b>100.00</b>	<b>578,254</b>
<b>Spare parts</b>				
Imported	-	-	-	-
Indigenously obtained	100.00	10,912	100.00	7,087
	<b>100.00</b>	<b>10,912</b>	<b>100.00</b>	<b>7,087</b>
<b>41 Earnings in foreign currency (accrual basis)</b>				
Exports at F.O.B. Value		2013-14		2012-13
		<b>in (000)</b>		<b>in (000)</b>
		384,372		238,696
		<b>384,372</b>		<b>238,696</b>

42 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 42 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 : 28th May, 2014

**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 : 28th May, 2014



**GUJARAT CRAFT INDUSTRIES LIMITED**

**Registered Office:**

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

**WEB: www.gujaratcraft.com EMAIL: info@gujaratcraft.com**

**FORM MGT-11**

**PROXY FORM**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):
Registered Address:
Email Id:
Folio No./ DPID-Client ID:

I/We, being the member (s) of ..... Shares of the above named Company, hereby appoint:

1. Name: .....

Address: .....

Email Id: ..... Signature: ..... or failing him

2. Name: .....

Address: .....

Email Id: ..... Signature: .....

as my/ our proxy to attend and vote (on a poll) for me as me/us and on my/ our behalf at the 30<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 26<sup>th</sup> September, 2014 at 12.00 noon at the Registered Office of the Company at Plot No. 431, Santej Vadsar Road, Village: Santej, Taluka: Kalol 382 721. Dist: Gandhinagar and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Optional	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of audited Balance Sheet as at 31 <sup>st</sup> March, 2014, and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.		
2	Re-Appointment of Mr. Binod Chhajer , liable to retire by rotation and being eligible, offers himself for re-appointment		
3	Appointment of Statutory Auditors of the Company		
<b>Special Business</b>			
4	Appointment of Mr. Kashyap R. Mehta as an Independent Director of the Company		
5	Appointment of Mr. Anilkumar Bhandari as an Independent Director of the Company.		
6	Special Resolution for Borrowing Limit under Section 180(1)(c) of the Companies Act, 2013		
7	Special Resolution for creation of charge/mortgage under Section 180(1)(a) of the Companies Act, 2013		
8	Special Resolution for re-appointment of Mr. Ashok Chhajer as Managing Director of the Company under Sections 188, 196, 197, 203 of the Companies Act, 2013		

Signed this ..... day of ..... 2014

Signature of Shareholder .....

Signature of Proxy holder(s) (1) ..... (2) .....

Affix
Revenue
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



**GUJARAT CRAFT INDUSTRIES LIMITED**

Registered Office:

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

WEB: www.gujaratcraft.com EMAIL: info@gujaratcraft.com

**FORM MGT-12****BALLOT FORM****(TO BE USED BY SHAREHOLDERS PERSONALLY PRESENT/THROUGH PROXY AT THE MEETING AND HAVE NOT OPTED FOR E-VOTING)**

1	Name and address of the Sole/First named Shareholder	
2	Name(s) of the Joint Holder(s) (if any)	
3	Registered Folio No./ DPID-Client ID	
4	Number of Shares(s) held	
5	I/We hereby exercise my/our assent or dissent by way of vote(s) at the time of my/our personal presence/through proxy at the General Meeting in respect of the Ordinary & Special resolutions set out in the Notice of 30 <sup>th</sup> Annual General Meeting (AGM) of the Company held on Friday, the 26 <sup>th</sup> September, 2014, by placing the tick (✓) mark at the appropriate box below:	

Resolution No.	Resolutions	No. of Shares	(FOR) I/We assent to the resolution	(AGAINST) I/We dissent the resolution
<b>Ordinary Business</b>				
1	Adoption of audited Balance Sheet as at 31 <sup>st</sup> March, 2014, and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.			
2	Re-Appointment of Mr. Binod Chhajer, liable to retire by rotation and being eligible, offers himself for re-appointment			
3	Appointment of Statutory Auditors of the Company			
<b>Special Business</b>				
4	Appointment of Mr. Kashyap R. Mehta as an Independent Director of the Company			
5	Appointment of Mr. Anilkumar Bhandari as an Independent Director of the Company.			
6	Special Resolution for Borrowing Limit under Section 180(1)(c) of the Companies Act, 2013			
7	Special Resolution for creation of charge/mortgage under Section 180(1)(a) of the Companies Act, 2013			
8	Special Resolution for re-appointment of Mr. Ashok Chhajer as Managing Director of the Company under Sections 188, 196, 197, 203 of the Companies Act, 2013			

Place :

Date :

(Signature of the Shareholder/Proxy)

**Note: This Ballot is to be used for exercising voting at the time of 30<sup>th</sup> Annual General Meeting to be held on Friday, the 26<sup>th</sup> September, 2014 by shareholders/proxy. Duly filled in and signed ballot form should be dropped in the Ballot box kept at the venue of AGM.**

*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.