

GUJARAT RAFFIA INDUSTRIES LIMITED

23RD ANNUAL REPORT 2007-08

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

NOTICE

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

Date : 27th March, 2009
Day : Friday
Time : 2.00 p.m.
Place : At the Registered Office of the Company at:
Plot No.455, Santej-Valsar Road, Village:Santej,
Taluka:Kalol-382721.Dist:Gandhinagar.

To transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st December, 2008 and the Balance Sheet as on that date along with the Director's Report and Auditor's Report thereon for the period of 15 months.
2. To appoint a Director in place of Mr. Alpesh Tripathi, who retires by rotation and being eligible, offers him for reappointment.
3. To appoint Auditors and fix their remuneration :

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

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

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

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

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

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

By Order of the Board,



**Pradeep Bhutoria
Chairman & Managing Director**

**Date: 21.01.2009
Place: Santej**

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business at Item No.4 set out in the Notice is annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of herself/himself and the proxy need not be a member of the Company. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the Meeting.
3. Pursuant to the Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book Company will remain closed on Friday, the 20th Day of March to 23rd Day of March, 2009.
4. Member intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - a. Intimate, if shares are held in the same name or in the same order and names, but in more than account to enable the company to club the said accounts into one account.
 - b. Notify immediately the change in their registered address, if any, to the company.

Annexure to the Notice:

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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No.4 of the accompanying notice dated 27th March, 2009 and should be taken part of the notice.

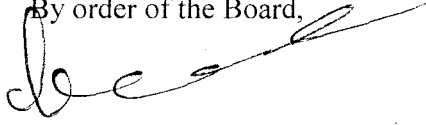
In respect to Item No.4:

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

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

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

Date: 21.01.2009
Place: Santej

By order of the Board,

Pradeep Bhutoria
Chairman & Managing Director

GUJARAT RAFFIA INDUSTRIES LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

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

1. Financial Results:

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

2. Dividend:

With a view to conserve the resources for expansion of the business activities and working capital requirements of the Company, the board of directors of the company have not recommended any dividend for the year under review.

3. Review of Operations, Sales and Working Results:

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

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

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

4. Directors:

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

5. Directors' Responsibility Statement:

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures.
- b. Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company as at 31st December, 2008 and of profit or loss of the company for that period.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

6. Personnel:

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

7. Listing:

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

8. Corporate Governance:

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

9. General:

9.1 Insurance:

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

9.2 Auditors:

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

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

9.3 Particulars of Employees:

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

10. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

The information in accordance with the provisions of Section 217 (1)(e) of The Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption and Foreign Exchange earnings and outgo is attached as per **Annexure-I**, and conservation of Energy as per **Annexure-II**.

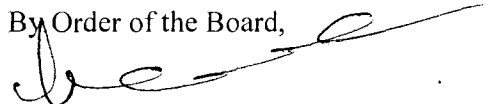
11. Acknowledgement:

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

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their level towards achievements of the Company's goals.

Date:
Place: Santej

By Order of the Board,



Pradeep Bhutoria
Chairman & Managing Director

GUJARAT RAFIA INDUSTRIES LIMITED

Annexure-1

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

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

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

Annexure-II.

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

GUJARAT RAFFIA INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. It goes beyond mere financial measurement of the performance of the company, taking into consideration a basket of parameters such as employee satisfaction, shareholders satisfaction, commitment to quality etc. The management of the company believes that the corporate governance is the reflection of our culture, policies, our commitment to values and our relationship with Stakeholders. The Company is committed to Corporate Governance and endeavors to adhere to the highest standards of corporate values and ethics.

The Company has implemented the mandatory requirements of the Code of Governance as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-à-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

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

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

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

Name of Director	Alpeshkumar Tripathi.	Sushma Bhutoria
Date of Birth	03.08.1970	25.08.1962
Date of appointment	01.04.2001	21.02.2008
Expertise in specific functional areas	Marketing and Administration	Business Administration
List of Public Limited Companies in which Directorships held	NIL	Asian Gases Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee & Remuneration Committee.	Remuneration Committee
Chairman/Member of the Committees of Directors of other companies.	-----	-----

C) Board Procedures:

The Board of Directors meets regularly to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the company.

All major decisions/approvals are taken at the meeting of the Board of Directors such as policy formation, business plans, budgets, and investment opportunities, Statutory Compliance etc. The meetings of the board of directors were held on 03.10.2007, 15.10.2007, 25.10.2007, 29.10.2007, 01.12.2007, 29.12.2007, 16.01.2008, 31.01.2008, 21.02.2008, 21.03.2008, 23.04.2008, 29.04.2008, 27.05.2008, 03.06.2008, 26.06.2008, 29.07.2008, 15.09.2008, 24.10.2008, 26.12.2008.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

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

	thorough financial and accounting knowledge.	and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	29.07.2008, 24.10.2008.
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4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation package for the Managing Director. It also reviews from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

The Companies comprises the following Directors as members:

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

All the members attended the meetings held on 29.10.2007, 31.01.2008, 29.04.2008, 29.07.2008, 24.10.2008.

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs. 4,32,000 to Shri Pradeep Bhutoria, Managing Director during the 15 month period ended 31st December, 2008..
2. The other Directors were not paid sitting fees. No Commission or Stock Option has been offered to the Directors.

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constitutes a Shareholders/Investors Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialization, Share Transfer, Non receipt of Balance sheet , Dividend Warrants etc.

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

6. GENERAL BODY MEETINGS:

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

Financial Year	Date	Time	Venue
2004-2005	29.09.2005	1.00 P.M	Plot No. 455, Santej- Vadsar road, Village: Santej, Taluka Kalol- 382 721.Dist: Gandhinagar.
2005-2006	29.09.2006	2.00 P.M	
2006-2007	01.01.2008	2.00 P.M	

Pursuant to the provisions of Section 192A 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 intentional non compliance of any legal provision of applicable law, nor any penalty, structure imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

8. MEANS OF COMMUNICATIONS:

a) In compliance with the requirements of the Listing Agreement, the Company is regularly intimates Unaudited /Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by Board of Directors. These Financial Results are normally published in "Western Times" (English and Gujarati)

b) During the 15 months period ended on 31st December, 2008, 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. 455, Santej-Vadsar Road,
Village: Santej, Taluka: Kalol-382721
Dist: Gandhinagar.

b) Annual General Meeting: Day: Friday
Date: 27th March, 2009
Time: 2.00 p.m
Venue: Plot No. 455, Santej-Vadsar Road,
Village: Santej, Taluka: Kalol-382721
Dist. Gandhinagar.

c) Financial Calendar:

1 st Quarter Results:	End January, 2008
2 nd Quarter Results:	End of April, 2008
Half Yearly:	End July, 2008
4 th Quarterly Results:	End October, 2008
Audited yearly Results:	End December-January, 2009

d) Book Closure Date: 20th March, 2009 to 23rd March, 2009.

e) Dividend Payment Date: Not Applicable

f) Listing of Shares on:
following Stock Exchanges: Equity Shares of the company are listed on the
Stock Exchanges:

Ahmedabad Stock Exchange Limited
Kamdhenu Complex,

Nr. Polytechnic, Ambawadi,
Ahmedabad-380015.

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.

The Calcutta Stock Exchange
Association Ltd.
7, Lyons range,
Kolkatta-700 001.

National Stock Exchange of India,
Mahindra Towers, "A" Wing,
1st Floor, RBC Worli, Mumbai-400 018.

g) Stock Exchange Code:	Stock Exchange	Code
	-----	-----
	ASE	20214
	BSE	526965
	NSE	GUJRAFFIA
	CSE	---

h) Stock Price Data: The trading of shares of the company have been suspended, so it has not been traded during the period from 1st October, 2007 to 31st December,2008, hence no information is available and submitted.

i) Registrar and Share Transfer Agents:

In terms of SEBI Circular No. D & CC/FITTC/CIR 15/2002 dated 27th December, 2002 read with circular no. D & CC/FITTC/CIR 18/2003 dated 12th February,2003, on appointment of common agency of share registry work, the company has appointed the below mentioned agency as Registrars and Share Transfer Agents(RTA) for both Physical and Demat Segment of Equity Shares of the company.

M/s. Pinnacle Share Registry Pvt. Ltd.
Nr. Asoka Mills Premises, Naroda Road,
Ahmedabad-380025.
Tel No: (079) 2220 4226, 2220 0591
Fax No: (079) 2220 2963
e.mail id: investor.service@psrpl.com

j) Share Transfer System:

The transfer of shares in physical form is processed and completed by M/s. pinnacle share registry pvt. Ltd. within a period of 25 days from the date of receipt thereof.

k) Distribution of Shareholding as on 31st December, 2008:

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Upto 500	29069	95.93	4890022	48.95

501-1000	826	2.73	651456	6.52
1001-2000	247	0.82	366447	3.67
2001-3000	70	0.23	171377	1.72
3001-4000	21	0.07	73654	0.74
4001-5000	27	0.09	125585	1.26
5001-10000	24	0.08	160256	1.60
10001 and above	18	0.06	3550753	35.54
Total	30302	100	9989550	100

i) Category of shareholders as on 31st December, 2008

Category	No. of shares held	% of shareholding
Promoters	2289668	22.92
Financial Institutions/Banks	-----	-----
Mutual Fund	-----	-----
Bodies Corporate	1153137	11.54
NRI	83550	0.83
Public	6463195	64.71
Total	9989550	100.00

m) Outstanding GDRs/ADRs/Warrants or any convertible instruments, Conversion Date and likely impact on Equity. The Company has not issued any GDRs/ADRs.

n) Dematerialization of Shares:

The Company has entered into shares agreement with NSDL/CDSL for dematerialization of shares. As on 31st December, 2008, a total of 2637952 Shares of the company which forms 52.81 % of the share capital of the company stands dematerialized

10. Plant Locations:

The Company's Plant is situated at:
Plot No. 455, Santej-Vadsar Road,
Village: Santej,
Taluka: Kalol-382 721.
Dist: Gandhinagar.

11. Address for Correspondence:

For both Physical and Electronic form:
M/s. Pinnacle Share Registry Pvt. Ltd.
Near Asoka Mills Premises Naroda Road,
Ahmedabad-380 025.
Tel No: (079) 2220 4226, 2220 0591
Fax No: (079) 2220 2963.
e.mail id: investor.service@psrpl.com

For any assistance regarding correspondence dematerialization of shares, share transfers, transactions, change in address, non receipt of dividend or any other query, relating to shares:

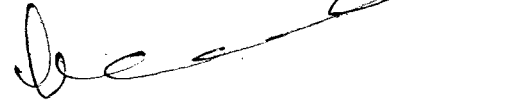
Registered Office: Plot No.455,
Santej-Vadsar Road, Village: Santej, Taluka: Kalol-382 721.
Dist: Gandhinagar.
Telephone Nos: (02764) 286672, 286673
Fax No: (02764) 28 66 52.

Compliance officer: Mr. Akbar Fakir

Place: Ahmedabad

Date: 21.01.2009

For and on behalf of the Board:



Pradeep bhutoria
Chairman & Managing Director

AUDITORS' CERTIFICATE

To the Members of Gujarat Raffia Industries Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Gujarat raffia Industries Limited for the 15 months ended on 31st December,2008 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

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.

As per representation received form the Registrars of the company, we state that as per records maintained by the shareholders/investors grievance committee, no investor grievance remaining unattended/pending for more than 30 days.

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 affairs of the company.

Place: Ahmedabad

For Ms/ Talati & Talati
Chartered Accountants

Date:

Umesh H. Talati
Partner

MANAGEMENT DISCUSSION AND ANALYSIS

a. Industry Structure and Developments:

The Industry is dependent on performance of core sectors like agriculture, fertilizer, cement and exports. Due to indifferent monsoon during last few years and in general due to economic slowdown, the performance of the above sectors was hit. 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 more than 50% of its production.

c. Segment wise Performance:

The Company is operating only in one segment. The turnover/performance of the Company have been disclosed in the Directors report under the Head "Review of Operations, sales and working results."

d. Recent Trend and Future Outlook:

Inspite of economic slowdown, the company is quite positive of better results 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 a 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 2007-2008 is described in the Director's report under the head "Review of Operations, sales and working results."

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.

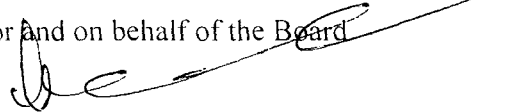
i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimated and expectations may constitute "Forwarding Looking Statements" within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

Place: Santej

Date: 21.01.2009

For and on behalf of the Board



Pradeep Bhutoria
Chairman & Managing



talati & talati
Chartered Accountants

AUDITORS' REPORT

To
The Members
GUJARAT RAFFIA INDUSTRIES LIMITED
AHMEDABAD

1. We have audited the attached Balance Sheet of **GUJARAT RAFFIA INDUSTRIES LIMITED**, as at 31st December 2008, and also the Profit and Loss Account and the cash flow statement for the 15 months ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that;
 - i. 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.



- ii. 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;
- iii. The Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow statement dealt with this Report comply with the Accounting Standards referred to in Sub-section (3C) of section 211 of the Companies Act, 1956;
- v. On the basis of written representations received from the Directors, as on 31st December 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st December 2008 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, **subject to the provision for the Leave Encashment benefits as required by the Accounting Standard – 15 ‘Employee Benefits’ issued by the Institute of Chartered Accountants of India**, the said accounts give the information required by the Companies Act, 1956, 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 31st December 2008.
- (b) In the case of the Profit and Loss Account, of the profit for the 15 months ended on that date.
- (c) In the case of the Cash Flow statement, of the cash flows for the 15 months ended on that date.

AHMEDABAD
DATE: 21/01/09



For TALATI & TALATI
Chartered Accountants

(J. MESH H. TALATI)

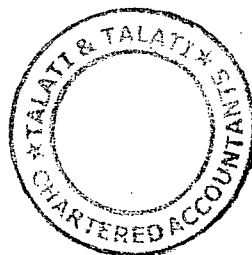
Partner

Mem.No. 34834

RE: GUJARAT RAFFIA INDUSTRIES LIMITED
AHMEDABAD

Referred to in paragraph 3 of our report of even date.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, majority of the assets have been physically verified by the management during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the period under audit, the company has not disposed off any major part of the Fixed Assets.
- (ii) (a) As explained to us the inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to size of operations of the company.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of clause (a),(b),(c), and (d) are not applicable to the company.
- (e) The Company has taken loans from one director and four Companies having maximum balance of Rs. 1,21,70,823/- and closing balance of Rs. 81,04,306/- covered in the register maintained under section 301 of the Companies Act, 1956.



- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions on which loans have been taken from companies or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) 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 with regard to the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v)(a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into the register required to be maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market- prices for such services and items have been made with other parties.
- (vi) In our opinion and according to the information and explanations given to us, the company has neither accepted nor renewed any deposit from the public during the period covered by our audit report, attracting the provisions of Section 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) The Company has appointed a firm of Chartered Accountants as its Internal Auditors for the period under review. The Internal Audit for the period is, therefore, carried out by the said firm. In our opinion, the internal audit system is commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Hence the provision of this clause is not applicable to the company.



(ix) (a) According to the records of the company, the Company is generally regular in depositing undisputed statutory dues including Investor Education Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom duty, Excise duty, cess and other statutory dues with the appropriate authorities.

(b) According to the records of the company, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, Excise duty and cess which have not been deposited on account of any dispute except the following:

Sr. No.	Name of the Statute	Nature of Dues	Forum where dispute is pending	Unpaid Amount (Rs)
1.	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	1,21,258/-

(x) The Company does not have any accumulated losses for the 15 months' period ending on 31st December 2008. The Company has not incurred any cash loss during the financial period covered by our audit.

(xi) Based on our audit procedures and on the basis of information and explanations given by the management and as per the restructuring of the Debt by Financial Institution, we are of the opinion that the company has not defaulted in repayment of dues to the banks.

(xii) The company has not granted any loans against security by way of pledge of shares, debentures and other securities.

(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of this clause of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion and according to the information and explanation given to us, the company is dealing in or trading in shares. The Company has maintained proper records of the transactions and timely entries have been made therein.

(xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institution hence the provision of this clause is not applicable to the company.

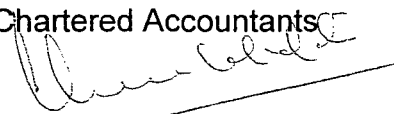


- (xvi) During the period under report, Company has not taken any term loan.
- (xvii) In our opinion and according to information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there is no funds raised on short-term basis have been used for long-term investment by the company.
- (xviii) The company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Act.
- (xix) During the period covered by our audit report, the company has not issued any debentures.
- (xx) During the period covered by our audit report, the company has not raised any money out of public issue.
- (xxi) In our opinion and according to information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of our audit.

AHMEDABAD
DATE: 21/01/09



For TALATI & TALATI
Chartered Accountants


(UMESH H. TALATI)
Partner
Mem.No. 34834

GUJARAT RAFFIA INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 2008.

PARTICULARS	SCHE DULE	Amount Rs.	As on 31.12.2008 Amount Rs.	As on 30.09.2007 Amount Rs.
SOURCES OF FUND:				
Share Capital	1	49947750		49947750
Reserves & Surplus	2	24106091		17949260
			74053841	67897010
LOAN FUNDS				
Secured Loans	3	11267157		10898287
Unsecured Loans	4	10949092		13664319
			22216249	24562606
Total			96270090	92459616
APPLICATION OF FUNDS:				
FIXED ASSETS	5			
Gross Block		163663027		158332952
Less: Depreciation		108375642		101353529
NET BLOCK			55287385	56979423
INVESTMENT	6		500	500
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	30850105		32750954
Sundry Debtors	8	11838459		14033523
Cash & Bank Balances	9	13667591		1449132
Loans & Advances	10	23660857		18173052
		80017012		66406661
LESS:				
Current Liabilities & Provisions	11	39034808		30926968
NET CURRENT ASSETS			40982205	35479693
Total			96270090	92459616
NOTES FORMING PART OF THE ACCOUNTS	19			

As per our report of even date
For Talati & Talati
Chartered Accountants

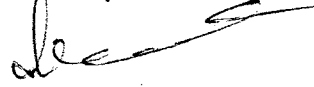


Umesh Talati
Partner



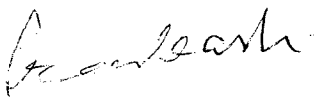
Place : Ahmedabad
Date : 21/01/09

For and on behalf of the Board
Pradeep Bhutoria



Managing Director

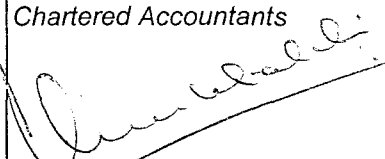
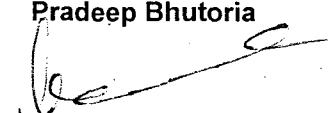

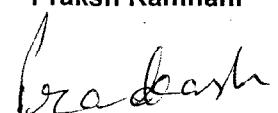
Prakash Ramnani



Director

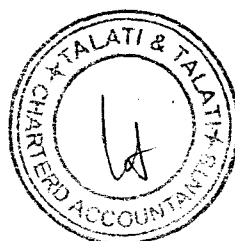
Place : Ahmedabad
Date : 21-01-2009

GUJARAT RAFFIA INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM
1ST OCTOBER, 2007 TO 31ST DECEMBER, 2008.

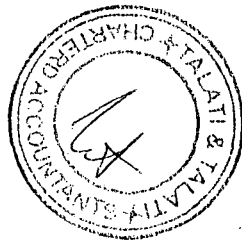
PARTICULARS	SCHE DULE	Period Ended 31-12-2008 15 Months Amount (Rs.)	Period Ended 30-09-2007 18 Months Amount (Rs.)
INCOME :			
Sales		288,431,538	292,590,132
Waste Sales		1,651,173	1,834,043
		290,082,711	294,424,175
Less : Excise Duty On Sales		24,253,109	23,165,903
		265,829,602	271,258,272
Other Income	12	4,795,782	2,070,489
Increase / (Decrease) in stock	13	(3,876,773)	11,723,898
TOTAL		266,748,611	285,052,659
EXPENDITURE :			
Raw Material Consumption	14	202,386,817	213,504,208
Manufacturing & Others Expenses.	15	42,481,915	42,227,599
Interest	16	5,815,629	5,738,486
Depreciation		8,460,263	9,959,877
TOTAL		259,144,624	271,430,170
PROFIT FOR THE YEAR		7,603,987	13,622,489
Add : Extra Ordinary Income.	17	-	49,740
Prior Period Adjustment	18	(32,156)	11,809
PROFIT BEFORE TAXATION		7,571,831	13,684,038
LESS : Provision For Taxation		1,350,000	-
Fringe Benefit Tax		65,000	60,759
PROFIT AFTER TAXATION		6,156,831	13,623,279
Basic & Diluted Earning Per Share (Face value of Rs. 10 each) (Note No. 11 of Schedule 19)		1.23	2.73
NOTES FORMING PART OF THE ACCOUNTS	19		(Restated)
As per our report of even date For Talati & Talati Chartered Accountants		For and on behalf of the Board Pradeep Bhutoria	
			
Umesh Talati Partner		Managing Director	
		Praksh Ramnani	
			
		Director	
Place : Ahmedabad		Place : Ahmedabad	
Date : 21/01/09		Date : 21-01-2009	

GUJARAT RAFFIA INDUSTRIES LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	As at 31.12.2008 15 Months Amount Rs.	As at 30.09.2007 18 Months Amount Rs.
SCHEDULE-1 : SHARE CAPITAL		
AUTHORISED :		
1,10,00,000 Equity Shares of Rs.10/- each (Previous year 1,10,00,000 Eq.Shares of Rs. 10/- each)	110,000,000	110,000,000
ISSUED, SUBSCRIBED & PAID UP :		
49,94,775 Equity Shares of Rs.10/- each (Previous year, the Equity Share Capital of the Company had been reduced from 10,21,87,000 comprising of 1,02,18,700 shares of Rs.10/- per share fully paid up (except calls-in-areas of Rs.10,51,003/-compring of 2,29,150 shares partly paid up, which had been forfeited) to Rs.4,99,47,750/- comprising of 99,89,550 equity shares of Rs.5/- each fully paid up. The reduction in capital had been approved under section 100 of the Companies Act 1961 by the High Court Of Gujarat vide its order dated Sept.21,2007)	49,947,750	49,947,750
	49,947,750	49,947,750
SCHEDULE-2 : RESERVES & SURPLUS		
CAPITAL RESERVES		
On Forfeiture of 2,29,150,Equity Shares	2,530,849	2,530,849
SHARE PREMIUM :		
As per last Balance Sheet	-	76,005,470
Add: Received during the year	-	-
Less: Adjusted against debit balance of P & L A/c. on capital reduction pursuant to court order	-	(76,005,470)
	-	0
SUBSIDY:		
AS PER LAST BALANCE SHEET	1,909,184	1,909,184
GENERAL RESERVE:		
As per last Balance Sheet	13,509,227	15,400,000
Less: Deduct from P&L A/c.	-	(1,890,773)
	13,509,227	13,509,227
PROFIT & LOSS ACCOUNT:		
Balance as per Profit & Loss Account	-	(140,176,920)
Adjusted: against Share Capital and Share premium on capital Reduction as per court order	-	124,662,868
	-	(15,514,052)
Add : Current period profit as per Profit & Loss Account	6,156,831	13,623,279
	6,156,831	(1,890,773)
Adjusted From General Reserve	-	1,890,773
	6,156,831	-
	24,106,091	17,949,260
SCHEDULE-3 : SECURED LOANS		
1) CASH CREDIT FROM BANK OF BARODA		
Secured against entire stock of Raw Material (imported / indigenous) semi-finished goods finished Goods, Book Debts and Second Charge on immovable and movable assets of the company	-	10,898,287
2) CASH CREDIT FROM SYNDICATE BANK		
Secured against entire stock of Raw Material (imported / indigenous) semi-finished goods finished Goods, Book Debts	11,267,157	-
	11,267,157	10,898,287
SCHEDULE-4 : UNSECURED LOANS		
1) Loan from Director	-	2,960,307
2) Intercorporate Loans	10,104,306	10,585,043
3) Vehicle Loans	844,786	118,879
	10,949,092	13,664,319



SCHEDULE-5 FIXED ASSETS										
Description	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at	Addition	Sales/	As at	As at	For The	Net	As at	As at	As at
	01-10-07	During the	Transfer/	31-12-08	30-09-07	Period	Adjustments	31-12-08	31-12-08	30-09-07
	Rs.	Period	Adjustments	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free Hold)	822932	548000	0	1370932	0	0	0	0	1370932	822932
Building	33083561	449711	0	33533272	13224406	1397400	0	14621806	18911466	19859155
Plant & Machinery	118308817	3257003	0	121565820	84730640	6625172	0	91355812	30210008	33578177
Furniture & Fixture	2278201	22770	0	2300971	1190139	133912	0	1324051	976920	1088062
Office Equipment	965341	14520	0	979861	552783	33992	0	586775	393086	412558
Instruments (Mobile)	62271	0	0	62271	62271	0	0	62271	0	0
Vehicles	2811829	1241632	1784094	2269367	1593290	269787	1438150	424927	1844440	1218539
Capital Work in Progress	0	1580533	0	1580533	0	0	0	0	1580533	0
Total	158332952	7114169	1784094	163663027	101353529	8460263	1438150	108375642	55287385	56979423
Previous Year	154420956	4263897	351901	158332952	91681264	9959877	287632	101353509	56979423	62739672

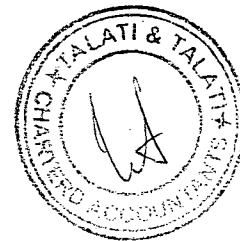


Particulars	As at 31.12.2008 15 Months Amount Rs.	As at 30.09.2007 18 Months Amount Rs.
SCHEDULE-6 : INVESTMENT AT COST		
QUOTED (Non-Trade)		
Asia Pacific Ltd. 500 Shares @ Rs.1.00 (Market Value Rs.500/-, Previous Year Rs. 500/-)	500	500
	500	500
UNQUOTED	-	-
	500	500
SCHEDULE-7 : INVENTORIES		
(As taken valued and certified by Managing Director)		
Stores & Spares	795,123	780,925
Raw Materials	9,271,858	7,310,132
Work In Progress	8,509,403	14,722,577
Finished Goods	11,564,866	9,224,872
Wastage	17,545	21,138
Shares	691,310	691,310
	30,850,105	32,750,954
SCHEDULE-8 : SUNDRY DEBTORS (UNSECURED)		
<i>Debts outstanding for a period exceeding Six months:</i>		
Considered Good	1,867,824	1,636,154
Considered Doubtful	234,566	331,169
<i>Other Debts:</i>		
Considered Good	9,736,069	12,066,200
	11,838,459	14,033,523
SCHEDULE-9 : CASH & BANK BALANCES		
Cash On Hand	10,214	668,876
Balance With Scheduled Banks:		
in Current Account	12,596,072	569,087
in Fixed Deposits -Schedule Bank	1,061,305	211,169
	13,667,591	1,449,132
SCHEDULE-10 : LOANS & ADVANCES		
(Unsecured - Considered Good)		
Advances recoverable in cash or in kind or for value to be received	9,308,874	4,231,070
Tender & Term Deposits	2,020,936	1,585,545
Balance with Government Department	11,497,460	11,081,939
TDS	833,587	1,274,498
	23,660,857	18,173,052
SCHEDULE-11 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES:		
<i>Sundry Creditors :</i>		
For Goods		
-S.S.I.	173,146	258,916
-Micro, Small and Medium Enterprise (Refer Note - 4 of Schedule 19)	-	-
-Others	5,100,125	10,208,985
For Expense	442,065	544,223
Advance from Customers	28,914,258	18,250,014
Statutory Liabilities	583,403	212,063
PROVISION:		
Provision For Expenses	1,876,083	932,592
Provision For Gratuity	373,644	342,492
Provision For Income tax	1,350,000	-
Provision For FBT	222,083	177,683
	39,034,808	30,926,968



GUJARAT RAFFIA INDUSTRIES LIMITED
SCHEDULE OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM
1ST OCTOBER, 2007 TO 31ST DECEMBER, 2008.

Particulars		Period Ended 31-12-2008 15 Months Amount (Rs.)	Period Ended 30-09-2007 18 Months Amount (Rs.)
SCHEDULE-12 OTHER INCOME			
Commission Income (Net)		1,506,854	1,785,723
Interest (TDS Rs. 13698/-, previous year Rs. 13099/-)		416,443	249,349
Interest Income on I.T. Refund		112,381	8,631
Dividend		-	6,500
Sundry Balance written off Account		415,279	20,286
Rent Income		617,000	-
Profit on Sales of Asset		7,446	-
Gain from Foreign Exchange fluctuation (NET)		1,720,379	-
		4,795,782	2,070,489
SCHEDULE-13 INCREASE/DECREASE IN STOCK			
Closing Stock			
Finished Goods	11564866		9,224,872
Waste	17545		21,138
Shares	691310		691,310
	12273721		9,937,320
Process Stock	8509403		14,722,577
	20783124	20,783,124	24,659,897
Less: Opening Stock			
Finished Goods	9224872		7,464,495
Waste	21138		34,462
Share	691310	9,937,320	691,310
			8,190,267
Process Stock	14722577	14,722,577	4,745,732
		24,659,897	12,935,999
		(3,876,773)	11,723,898
SCHEDULE-14 RAW MATERIAL CONSUMPTION			
Opening Stock		7,310,132	8,742,419
Add. : Purchase		204,348,543	212,071,921
		211,658,675	220,814,340
Less.: Closing Stock		9,271,858	7,310,132
		202,386,817	213,504,208



Particulars	Period Ended 31-12-2008 15 Months Amount (Rs.)	Period Ended 30-09-2007 18 Months Amount (Rs.)
SCHEDULE-15		
MANUFACTURING & OTHER EXPENSES		
Processing Charges	908,763	750,593
Stores & Spares Consumed	4,781,290	4,402,086
Power & Fuel	15,964,300	16,828,461
	21,654,353	21,981,140
PAYMENT TO & PROVISIONS FOR EMPLOYEES.		
Salary, Wages, Bonus	3,837,877	3,672,797
Contribution To P.F. & Other Funds	218,054	189,281
Staff Welfare	141,163	45,957
	4,197,094	3,908,035
SALES & DISTRIBUTION EXPENSES.		
Sales Tax	4,094,707	3,603,496
Traveling Expenses	552,040	178,562
Transportation Charges	7,649,567	6,354,113
	12,296,314	10,136,171
ESTABLISHMENT & OTHER EXPENSES		
Rent Rates & Taxes	23,425	35,371
Legal & Professional Charges	639,696	830,403
Auditors Remuneration :		
Audit Fess	33,750	37,556
Tax audit Fees	9,600	9,622
General Expenses	2,306,380	1,907,510
Donation	2,395	14,100
Director's Remuneration	432,000	410,400
Insurance	174,612	161,139
Loss On Sales Of Fixed Assets (Net)	-	22,769
Foreign Exchange Loss (Net)	-	1,570,451
	3,621,858	4,999,321
REPAIRS & MAINTENANCE		
Plant & Machinery	538,499	956,278
Building	10,580	2,981
Vehicle	70,078	-
Others	93,139	243,673
	712,297	1,202,932
TOTAL	42,481,915	42,227,599
SCHEDULE-16: INTEREST & FINANCE CHARGES		
Bank Charges	568,590	365,770
Interest On Term Loan	-	831,471
Interest To Bank	1,790,244	2,353,386
Interest On Late Payment On Tds/Tcs	2,361	14,074
Interest On Late Payment On Service Tax	244,924	-
Interest On Late Payment On Sales /Cst Tax	50,752	-
Other Interest Expenses	3,158,758	2,173,785
	5,815,629	5,738,486
SCHEDULE-17: EXTRA ORDINARY INCOME		
Extra Ordinary Income	-	49,740
	-	49,740
SCHEDULE-18: PRIOR PERIOD ADJUSTMENT		
Prior Period Interest Income	-	11,809
Less.: Prior Period Expense	32,156	-
	(32,156)	11,809



SCHEDULE : 19 SIGNIFICANT ACCOUNTING POLICIES:

1) **Basis of Accounting :**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the provisions of the Companies Act 1956 , and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

2) **Use of Estimates:**

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3) **Revenue Recognition :**

Sales are stated net of rebate and trade discount and excludes Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Dividend on Financial Instruments are recognized as and when realized. Interest on deposits is recognized on accrual basis.

4) **Fixed Assets :**

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

Intangible Assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses.

Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets.

5) **Depreciation :**

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

6) **Impairment of Assets:**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount.



The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

7) **Investments** :

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

8) **Inventories** :

The inventories held for disposal/ sale are shown in inventories or trading purchase Inventories of Raw Materials and Stores are valued at cost or net realizable value whichever is lower after considering the credit of VAT and Cenvat.

Cost of Finished Goods and Work-in-Progress are determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads, Excise duties at the applicable rates are also included in the cost of Finished Goods.

9) **Employee Benefit** :

(a) **Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

(b) **Long Term**

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

(c) **Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee perform the services that the payment covers.

(d) **Defined Benefit Plans**

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

10) **Central Excise Duty** :

Excise duty is accounted on the basis of both, payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses.



11) **Foreign Currency Transactions :**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

12) **Borrowing Cost :**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized upto the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings.

13) **Earning per Share :**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares in issue during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

14) **Provisions and Contingencies :**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

15) **Taxation on Income :**

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax

Deferred Tax is recognised on timing differences being the difference between taxable income & accounting income that originate in one period & are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

16) **Cash Flow Statement :**

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.



NOTES FORMING PART OF THE ACCOUNTS

1. **Contingent Liabilities:**
Guarantees equals to Rs. 11,77,000.00
2. The previous period's figures have been regrouped wherever necessary. The Previous period's figures are not comparable with the current year figures as the current period is of 15 months and the previous period was of 18 months
3. Small scale industrial undertakings to whom amounts are due have been determined based on the information available with the Company and are given below. The dues are within the period of agreed terms.
 1. Flexibond Industries
 2. The Chandan Polypack
 3. Usha Graphics
 4. Deep Plast Industries
4. The Company has not received information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Here disclosures, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been made.
5. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognized as expense for the year is as under:

	(Rs.)
	2007-2008
Employer's Contribution to Provident Fund	131,518/-

Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation 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 benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.



i. Reconciliation of opening and closing balances of Defined Benefit obligation:

(Rs. in lacs)

	Gratuity (Funded) 2007-2008	Leave Encashment (Unfunded) 2007-2008
Defined Benefit obligation at beginning of the year (as on 01/04/2008)	3.42	-
Current Service Cost	0.37	-
Interest Cost	0.37	-
Actuarial (gain) / Loss	(0.78)	-
Benefits paid	(0.55)	-
Defined Benefit obligation at year end	2.83	-

ii. Reconciliation of opening and closing balances of fair value of plan assets:

(Rs. in lacs)

	Gratuity (Funded) 2007-2008
Fair value of plan assets at beginning of the year	NIL
Expected return on plan assets	NIL
Actuarial gain / (loss)	NIL
Employer contribution	NIL
Benefits paid	NIL
Fair Value of plan assets at year end	NIL

iii. Reconciliation of fair value of assets and obligations:

(Rs. In lacs)

	Gratuity (Funded) As at 31 st December 2008	Leave Encashment (Unfunded) As at 31 st December 2008
Fair value of plan assets	NIL	-
Present value of obligation	2.83	-
Amount recognized in Balance Sheet	-	-

iv. Expense recognized during the year

(Rs. In lacs)

	Gratuity (Funded) 2007-2008	Leave Encashment (Unfunded) 2007-2008
Current Service Cost	0.37	-
Interest Cost	0.37	-
Expected return on plan assets	NIL	-
Actuarial gain / (loss)	(0.78)	-
Net Cost	0.04	-



v. **Investment Details:**

	Gratuity As at 31st December 2008	Leave Encashment (Unfunded) as at 31st December 2008
GOI Securities	NIL	N.A.
Public Securities	NIL	N.A.
Special Deposit Schemes	NIL	N.A.
State Govt. Securities	NIL	N.A.
Insurance Policies	NIL	N.A.
Others (including bank balances)	NIL	N.A.

vi. **Actuarial assumptions:**

	Gratuity (Funded) 2007-2008	Leave Encashment (Unfunded) 2007-2008
Mortality Table (LIC)		
Discount rate (per annum)	8.75%	-
Expected rate of return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	6.00%	-

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

No Provision for Leave encashment benefits has been made during the year.

6. **Derivative Instruments** :

- The Company has not entered into any forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee.
- Foreign currency exposure at the year end not hedged by derivative instruments.

	As at 31st December 2008
Advance payment From Debtors	
Rupees	28,05,540
US Dollar	57,787
Advance payment to suppliers	
Rupees	61,73,368
US Dollar	1,27,155

This is being the first period of Disclosure therefore the previous period's disclosure has not been made.



7. 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, H.D.P.E/P.P. Woven Sacks. Fabrics which has similar risks and returns, accordingly there are no separate reportable segment as far as primary segment is concerned.

The operation of the Company are in India and all assets and liabilities are located in India. An Analysis of sales by geographical market is given below:

Name of the country	Amount (Rs.)
India	199,506,271
Out of India	90,576,440
	<u>290,082,711</u>

8. Related Parties disclosure under Accounting Standard - 18 :

- A) i) Key management personnel :
Pradeep Bhutoria
- ii) Related concern:
Bengal Business Ltd
Asian Gases Ltd.
Pradeep Finstock & Services Pvt. Ltd.
Sneha Finlease Pvt. Ltd.
Sushma Securities Pvt. Ltd.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

B) Transaction carried out with related parties referred to in A) above.

Nature of transactions	Related parties referred in A(I) above	Related parties referred in A(II) above
	Amount (Rs.)	Amount (Rs.)
Purchase	-----	-----
Sales	-----	-----
Job work Income	-----	-----
Payment Recd.	-----	4783500
Payment made	-----	137,313
Remuneration	432000	-----
Interest Paid	-----	1425414
Directors sitting fees	-----	-----

9. As the Company does not anticipate taxable profit in near future, so to comply with the Accounting Standard - 22 issued by the Institute of Chartered Accountants of India. The provision for deferred tax liabilities has not been made during the year.

10. Earning per share :

	Current year (For 15 months as on 31.12.2008)	Previous year (For 18 months as on 30.09.2007)
Profit/(Loss) after tax as per profit & loss account	6156831	13623279
Total weighed average no.of Equity Shares for Basic & Diluted EPS	4994775	4994775
Basic Earning per Shares (Rs.)	1.23	2.73
Diluted earning per share (Rs.)	1.23	2.73

(Restated)

In consonance with the approval of the capital reduction petition by the Honorable High Court of Gujarat, the Company has consolidated 99,89,550 equity shares of Rs. 5/- each into 49,94,775 equity shares of Rs. 10/- each fully paid up in Extra Ordinary General Meeting held on 15th October, 2007.

11. MANAGING DIRECTOR'S REMUNERATION:

A. Remuneration	372000	360000
B. Perquisites	60,000	50,400
	<u>432000</u>	<u>410400</u>

12. Auditor's Remuneration:

A. Audit Fees	33750	37556
B. Tax Audit Fees	9,600	9,622
	<u>43350</u>	<u>47178</u>



13. The additional information pursuant to the provisions of Paragraphs 3, 4c & 4b of Part - II of the Schedule VI of the Companies Act, 1956.

	For 15 Months ended on 31/12/08		For 18 Months ended on 30/09/07				
	UNIT	QUANTITY	RUPEES	QUANTITY	RUPEES		
A) CAPACITY:							
PRODUCTION & SALES:							
INSTALLED CAPACITY:							
PE-FABRICS / SACKS /							
TARPAULIN / ROPES	M.T.	5550.000		6660.000	---		
PRODUCTION :							
PE-FABRICS / SACKS /							
TARPAULIN / ROPES	M.T.	2839.243		3201.469			
SALES :							
FABRICS	M.T.	341.837	33,429,167	223.924	20,340,286		
SACKS	M.T.	758.544	66,989,851	209.759	19,412,778		
TARPAULIN	M.T.	1669.023	183,264,395	2599.296	240,776,163		
(OTHERS INCL. TRADE SALES)	----	--	6,399,298	--	13,894,948		
SHARES	NOS	--		--			
			<u>290,082,711</u>		<u>294,424,175</u>		
B) CONSUMPTION OF RAW MATERIALS :							
FABRICS	M.T.	402.157	34,625,384	298.203	23,392,079		
GRANULES	M.T.	2543.465	160,435,961	3082.900	183,141,972		
OTHERS	---	---	4,058,826	---	4,859,913		
			<u>199,120,171</u>		<u>211,393,964</u>		
C) PURCHASES OF GOODS :							
SACKS	M.T.	0	0	M.T.	19.536	2,110,243	
GRANULES	M.T.	28.000	3,266,646	M.T.	---	---	
			<u>3,266,646</u>			<u>2,110,243</u>	
D) FINISHED GOODS :							
		As on 01/10/2007	As on 01/4/2006	As on 31/12/08	As on 30/09/2007		
		OPENING STOCK		CLOSING STOCK			
UNIT		Qty.	Amount	Qty	Amount	Qty	Amount
SACKS	NO'S	219154	2,103,878	0	0	219154	2,103,878
TARPAULINE /							
ROLL / COVER/							
FABRIC SHEET	M.T.	79655	7,120,993	25989	7,464,495	98,984	10,223,326
			<u>9,224,871</u>		<u>7,464,495</u>		<u>11,564,866</u>
SHARES	NO'S	576300	691,310	576300	691,310	576300	691,310



	For 15 Months ended on 31/12/08		For 18 Months ended on 30/09/07	
	Amount Rs.	% of total	Amount Rs.	% of total
E) CIF VALUE OF IMPORTS :				
Raw materials	26,381,421	100.00	1,84,54,673	100.00
F) VALUE OF RAW MATERIALS CONSUMED :				
a) Imported	21,253,769	10.71	2,82,53,956	13.37
b) Indigenous	173,807,576	89.29	18,31,40,008	86.63
	<u>195,061,345</u>	<u>100.00</u>	<u>21,13,93,964</u>	<u>100.00</u>
G) VALUE OF STORES & SPARE PARTS CONSUMED :				
Imported	---	0.00	---	0.00
Indigenous	4781290	100.00	44,02,086	100.00
H) EXPENDITURE IN FOREIGN CURRENCY :				
a) Foreign travel	398,525		---	
b) Import of goods	26,381,421		2,82,53,956	
c) Commission	1,565,954		73,35,618	
I) EARNINGS IN FOREIGN CURRENCY :				
By way of export of goods	57,161,379		5,67,56,668	

14. ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

1	Registration Details			
	Registration No.	'04-7124	State Code	04
	Balance Sheet Date :	31-12-2008		
II	Capital Raised during the year (Amount in Rs. '000)			
	Public Issue	NIL	Right Issue	NIL
	Bonus Issue	NIL	Private Issue	NIL
III	Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)			
	Total Liabilities	96270	Total Assets	96270
	Source of Funds		Application of Funds	
	Paid - up Capital	49948	Net Fixed Asset	55287
	Reserves & Surplus	24106	Investments	1
	Secured Loans	11267	Net Current Assets	40982
	Unsecured Loans	10949		
IV	Performance of the Company (Amount in Rs. '000)			
	Turnover including other income	270626	Total expenditure	259145
	Profit before Tax	7572	Profit after Tax	6157
	Provision for Taxes		Extra Ordinary Income	0
	Earning per share basic Rs.	1.34	Dividend Rate (%)	NIL
V	Generic Names of three principal products / services of Company			

ITEM CODE NO.	PRODUCT DESCRIPTION
1 392010.01	HDPE WOVEN SHEETS
2 392010.01	HDPE WOVEN SACKS
3 392010.01	TARPAULIN

Signatures to Schedule 1 to 19
Examined and found correct

For Talati & Talati
Chartered Accountants

Umesh Talati
Partner



Place: Ahmedabad

Date: 21/01/09

For and on behalf of the Board
Pradeep Bhutoria

Managing Director
Prakash Ramnani

Director
Place: Ahmedabad

Date: 21-01-2009

GUJARAT RAFFIA INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD FROM 1ST OCTOBER 2007 TO 31ST DECEMBER, 2008

Particulars	Period Ended 15 Months on 31/12/2008	Period Ended 18 Months on 30/09/2007
A. CASH FLOW FROM OPERATOR ACTIVITIES		
Net Profit before Tax	7,571,831	13,684,038
Adjustment for :		
Depreciation	8,460,263	9,959,877
Interest income	(528,824)	(249,349)
Dividend Income	-	(6,500)
Loss on sale of fixed assets	-	22,769
Profit on sale of fixed assets	(7,446)	-
Interest paid	5,247,039	5,372,716
Extra Ordinary & Prior period - Items & other items	-	-
 Operating Profit before working capital changes	 20,742,863	 28,783,551
Adjustment for :		
Trade & Other Receivables	(3,733,652)	16,538,165
Inventories	1,900,849	(10,510,969)
Trade Payable	6,713,440	(21,852,935)
 Cash Generated From Operation	 25,623,500	 12,957,812
Direct Taxes Paid (including Fringe Benefit Tax)	440,911	(100,866)
 Net Cash Flow from Operating Activities (A)	 26,064,411	 12,856,946
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,114,169)	(4,263,898)
Sale of Fixed Assets	332,789	41,500
Interest Received	528,824	249,349
Dividend Received	-	6,500
 Net Cash generated from Investing Activities (B)	 (6,252,556)	 (3,966,549)
C. CASH FLOW USED IN FINANCING ACTIVITIES		
Interest paid	(5,247,039)	(5,372,716)
Proceed for Secured Borrowing	368,870	(15,476,154)
Proceed for other borrowing	(2,715,227)	11,017,094
 Net cash used in Financial Activities (C)	 (7,593,396)	 (9,831,776)
Net Increase (A+B+C)	12,218,459	(941,379)
Cash & Cash Equivalent as on 30.09.07	1,449,132	2,390,511
Cash & Cash Equivalent as on 31.12.08	13,667,591	1,449,132

FOR TALATI & TALATI
CHARTERED ACCOUNTANTS

UMESH TALATI
PARTNER
MEM.NO.
Place : Ahmedabad
Date : 21/01/09



FOR & ON BEHALF OF BOARD
PRADIP BHUTORIA PRAKASH PAMNANI
Pradip Bhutoria *Prakash Pamnani*
MANAGING DIRECTOR DIRECTOR

Place : Ahmedabad
Date : 21-01-2009