



**GUJARAT CRAFT  
INDUSTRIES LTD**

[CIN: L29199GJ1984PLC007130]

**Head office & Works**

431, Santej-Vadsar Road, Santej – 382 721, Tal.: Kalol, Dist.: Gandhinagar (Gujarat) INDIA  
Ph. : +91 2764 248337/39/42 | Fax.: + 91 2764 248334

**Ahmedabad Office**

35, Omkar House, Nr. Swastik Cross Roads, C. G. Rd, Ahmedabad – 380 009 (Gujarat) INDIA  
Ph. : +91 79 26449515 | Fax.: + 91 79 26425701

E-mail: info@gujaratcraft.com | Web: www.gujaratcraft.com

27<sup>th</sup> September, 2016

✓ **BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001  
  
Company Code No. 526965

**Ahmedabad Stock Exchange Limited,**  
Kamdhenu Complex, 1st Floor,  
Opp. Sahajanand College,  
Panjara Pole, Ambawadi,  
Ahmedabad - 380 015  
Company Code No. 20214

Dear Sirs;

**Sub: Submission of Adopted Annual Report 2015-16**

Please note that the members in their 32<sup>nd</sup> Annual General Meeting held on 27<sup>th</sup> September, 2016 have approved and adopted the Annual Report 2015-16.

We are sending herewith approved and adopted Annual Report 2015-16 pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015.

Kindly take the same in on records.

Thanking you,

Yours faithfully,  
**for GUJARAT CRAFT INDUSTRIES LIMITED**

  
**ASHOK CHHAJER**  
**MANAGING DIRECTOR**

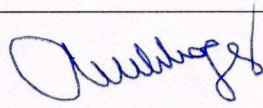
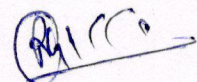
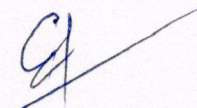
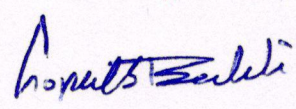
Encl: As above.

PS.: Scanned copy of approved & adopted Annual Report 2015-16 is uploaded on listing module of BSE Limited.



**FORM A**  
**(for audit report with unmodified opinion along-with Financial Results)**

**(Pursuant to Reg. 33 of SEBI (LODR) Reg., 2015)**

1	Name of the Company	Gujarat Craft Industries Limited
2	Annual financial statements for the year	31 <sup>st</sup> March, 2016
3	Type of Audit observation	Un Modified
4	Frequency of observation	N.A.
5	To be signed by-	
	Ashok Chhajer Managing Director	
	Raichand Golchha CFO	
	Anilkumar Bhandari Audit Committee Chairman	
	Auditor of the Company	M/s. Kantilal Patel & Co., Chartered Accountants Firm Registration No. 104744W    Gopal S. Baldi Partner Membership No.: 125930

Place: 27<sup>th</sup> May, 2016  
Date: Ahmedabad



**32<sup>ND</sup> ANNUAL REPORT  
2015-16**



**GUJARAT CRAFT  
INDUSTRIES LTD**

**[CIN : L29199GJ1984PLC007130]**



## GUJARAT CRAFT INDUSTRIES LIMITED

[CIN: L29199GJ1984PLC007130]

### 32<sup>ND</sup> ANNUAL REPORT 2015-16

<b>BOARD OF DIRECTORS</b>	:	Mr. Ashok Chhajer Mr. Rishab Chhajer Mr. Kashyap R. Mehta Mr. Anilkumar Bhandari Ms. Swati S. Gupta	Managing Director Joint Managing Director Director Director Director
<b>MANAGEMENT TEAM</b>	:	Mr. Raichand M. Golchha Ms. Anchal N. Bansal	Chief Financial Officer Company Secretary
<b>STATUTORY AUDITORS</b>	:	M/s. Kantilal Patel & Co., (A member firm of Polaris International, USA) Chartered Accountants, Ahmedabad	
<b>COMPANY LAW CONSULTANT</b>	:	M/s. Kashyap R. Mehta & Associates, Company Secretaries, 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>CITY 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>	:	www.gujaratcraft.com	

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**NOTICE**

NOTICE is hereby given that the **32<sup>nd</sup> ANNUAL GENERAL MEETING** of the Members of **GUJARAT CRAFT INDUSTRIES LIMITED** will be held as scheduled below:

Date : 27<sup>th</sup> September, 2016  
Day : Tuesday  
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 consider and adopt the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Chhajjer (DIN – 00280185), 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 consider and if thought fit to pass with or without modification(s) the following resolution as an

**Ordinary Resolution:**

“RESOLVED that pursuant to the provisions of Section 139, 142 and any other applicable provisions of the Companies Act, 2013 and rules made there under, as amended from time to time, and pursuant to the resolution passed by the members at the Annual General Meeting (AGM) held on 24<sup>th</sup> September, 2015, the appointment of M/s. Kantilal Patel & Co., Chartered Accountants (Firm Registration No. 104744W), be and are hereby re-appointed as Statutory Auditors of the Company to hold office for a period of 2 years i.e. till the conclusion of the AGM to be held for the year 2017 be and is now hereby ratified for the year 2016-17 and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them as may be mutually agreed upon between the Board of Directors of the Company and the Statutory Auditors.”

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a

**Special Resolution:**

“RESOLVED THAT pursuant to the provisions of section 186 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its powers) Rules, 2014 (including any amendment thereto or re-enactment thereof), the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called ‘the Board’ which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to make investment or acquire by way of subscription, purchase or otherwise the securities of any other body corporate whether Indian or overseas up to maximum amount of ₹ 25 Crores (Rupees Twenty Five Crores only) outstanding at any point of time notwithstanding that the aggregate amount of all the investments so far made together with the proposed investments to be made, exceeds the prescribed limits under the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above investment including the timing, amount and other terms and conditions of such investments and varying the same either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things as may deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard including power to sub-delegate in order to give effect to the aforesaid resolution.”

**Registered Office:**

Plot No. 431, Santej-Vadsar Road,  
Village:Santej, Taluka:Kalol-382 721,  
Dist:Gandhinagar.  
Date : 20<sup>th</sup> July, 2016

**By Order of the Board,**

**Ashok Chhajjer**  
**Managing Director**

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business in the Notice is annexed hereto.
2. The Register of Members and Share Transfer Books will remain closed from **2<sup>nd</sup> September, 2016 to 27<sup>th</sup> September, 2016** (both days inclusive) for the purpose of Annual General Meeting (AGM).
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY OR PROXIES TO ATTEND AND, TO VOTE INSTEAD OF HIMSELF 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 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER SHAREHOLDER.

The instrument of Proxy in order to be effective, must 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. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company, a certified copy of Board Resolution/ Authorisation document authorising their representative to attend and vote on their behalf at the AGM.
5. Members holding shares in the dematerialized mode are requested to intimate all changes with respect to their bank details, ECS mandate, nomination, power of attorney, change of address, change in name, etc, to their Depository Participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to the Members. Members holding shares in physical form are requested to intimate the changes to the Registrar & Share Transfer Agents of the Company (RTA).
6. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 issued by The Institute of Company Secretaries of India in respect of Directors seeking re-appointment/appointment/ confirmation at the ensuing Annual General Meeting is provided in the Corporate Governance Report forming part of the Annual Report. The Directors have furnished the requisite declarations for their appointment / re-appointment.
7. 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.
8. The members are requested to intimate to the Company, queries, if any, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
9. The Shareholders holding Shares in Physical form are advised to seek their shareholding changed to dematerialised form since in terms of SEBI and Stock Exchange guidelines no physical shares can be traded in the Stock Exchanges.
10. Pursuant to Section 72 of the Companies Act, 2013, members 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 RTA. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
11. Members/Proxies are requested to bring duly filled attendance form along with their copy of Annual Report at the Meeting. Copies of Annual Report will not be distributed at the Meeting.
12. All documents referred to in the Notice and Explanatory Statement shall be available for inspection by members at the Registered Office of the Company during the business hours between 11.00 a.m. to 1.00 p.m. on all working days of the Company up to the date of the Annual General Meeting.

13. To support the “Green Initiative”, Members who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar & Share Transfer Agents of the Company for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. In support of the ‘Green Initiative’ announced by the Government of India, electronic copies of the Annual Report for 2015-16 and this Notice inter alia indicating the process and manner of e-voting along with Attendance Form and Proxy Form are being sent by email to all the Members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes, unless any Member has requested only for a hard copy of the same. For Members who have not registered their email address, physical copies will be sent to them in the permitted mode. The Notice of AGM will also be available on the Company’s website, [www.gujaratcraft.com](http://www.gujaratcraft.com) and that of Central Depository Services (India) Limited (“CDSL”), [www.cdslindia.com](http://www.cdslindia.com), [www.evotingindia.com](http://www.evotingindia.com).
15. The Ministry of Corporate Affairs has notified the Investor Protection and Education Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules) with the objective of enabling shareholders to use the information provided by the companies on their websites and the website of the IEPF, to verify the status of unclaimed dividends, if any. The concerned members are requested to verify the details of their unclaimed dividend, if any, from the said websites and lodge their claim with the Company’s RTA before the unclaimed dividends are transferred to the IEPF.

**16. VOTING THROUGH ELECTRONIC MEANS**

- (a) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM (‘remote e-voting’) is provided by Central Depository Services (India) Limited.
- (b) The facility for voting through ballot paper shall be made available at the AGM, and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot. E-voting facility will not be made available at the AGM venue.
- (c) The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- (d) The remote e-voting period commences at **9.00 a.m. on Saturday, 24<sup>th</sup> September, 2016 and ends at 5:00 p.m. on Monday, 26<sup>th</sup> September, 2016**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date i.e. 20<sup>th</sup> September, 2016**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for e-voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.
- (e) The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date.

**The procedure and instructions for remote e-voting are, as follows:**

- (i) Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Now click on “Shareholders” to cast your votes.
- (iii) Now, fill up the following details in the appropriate boxes:

User ID	a. For CDSL : 16 digits Beneficiary ID
	b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
	c. Members holding shares in Physical Form should enter Folio Number registered with the Company



- (iv) Next, enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are holding shares in demat form and has forgotten the existing password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (vii) If you are a first time user, follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (ii).</p>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on Electronic Voting Sequence Number (EVSN) of GUJARAT CRAFT INDUSTRIES LIMITED to vote.
- (xii) On the voting page, you will see 'Resolution Description' and against the same, the option 'YES/NO' for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the 'RESOLUTIONS FILE LINK' if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution, you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page.

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(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xviii) Note for Non – Individual Members and Custodians:

Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (f) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (g) **Mr. Kashyap R. Mehta, Proprietor, M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad** has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- (h) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of 'Ballot Paper' for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. **E-voting facility will not be made available at the AGM venue.**
- (i) The Scrutinizer shall, immediately after the conclusion of voting at AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days from the conclusion of meeting, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. Thereafter, the Chairman or the person authorised by him in writing shall declare the result of the voting forthwith.
- (j) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.gujaratcraft.com](http://www.gujaratcraft.com) and on the website of CDSL immediately after the result is declared by the Chairman; and results shall also be communicated to the Stock Exchanges.

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**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 32<sup>ND</sup> ANNUAL GENERAL MEETING DATED 20<sup>TH</sup> JULY, 2016.**

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

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any investment(s) beyond the prescribed ceiling of i) Sixty per cent of the aggregate of the paid-up capital and free reserves and securities premium account or, ii) Hundred per cent of its free reserves and securities premium account, whichever is more, if special resolution is passed by the members of the Company. As a measure of achieving greater financial flexibility and to enable optimal financing structure, this permission is sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted committee thereof, for making further investment(s).

The investment(s) will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under. These investments are proposed to be made out of own/ surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution for your approval as a Special Resolution.

**Registered Office:**

Plot No. 431,  
Santej-Vadsar Road,  
Village:Santej,  
Taluka:Kalol-382 721,  
Dist:Gandhinagar.  
Date : 20<sup>th</sup> July, 2016

**By Order of the Board,**

**Ashok Chhajer  
Managing Director**

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the 32<sup>nd</sup> ANNUAL REPORT together with the Audited Financial Statements for the Financial Year 2015-16 ended on 31<sup>st</sup> March, 2016.

**1. FINANCIAL RESULTS:**

Particulars	(₹ in lacs)	
	2015-16	2014-15
Operating Profit (Before Interest & Depreciation)	<b>802.93</b>	686.50
Less : Financial Cost	<b>422.28</b>	359.26
Profit before Depreciation	<b>380.65</b>	327.24
Less : Depreciation	<b>173.78</b>	184.99
Profit before Tax	<b>206.87</b>	142.25
Less : Provision for current Tax (after MAT credit)	<b>51.45</b>	29.33
(Add): MAT Credit	-	(27.39)
Less: Tax of earlier Year	-	1.21
Less : Deferred Tax Liability	<b>21.57</b>	55.46
Profit after tax	<b>133.85</b>	83.64
Add: Balance Brought Forward from Previous year	<b>656.59</b>	582.21
Less: Effect of change in accounting policy for Depreciation	-	(9.26)
Balance carried to Balance Sheet	<b>790.44</b>	656.59

There are no material changes and commitment affecting the financial position of the Company which have occurred between 1<sup>st</sup> April, 2016 and date of this report.

**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 ₹ 120.44 crores as compared to ₹ 97.27 crores during 2014-15.

The Operating Profit (before Interest and Depreciation) was ₹ 802.93 lacs during the year under review compared to ₹ 686.50 lacs during 2014-15 showing an increase of 17%. The Profit before Tax for the year under review was ₹ 206.87 lacs against ₹ 142.24 lacs during 2014-15. The Net Profit of the Company stood at ₹ 133.85 lacs compared to ₹ 83.64 lacs for the year 2014-15.

The Company has made export at FOB value of ₹ 5976.25 lacs during the year under review compared to ₹ 3317.01 lacs during 2014-15. 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:**

6.1 One of your Directors viz. Mr. Ashok Chhajer (DIN: 00280185) retires by rotation in terms of the Articles of Association of the Company. However, being eligible offers himself for reappointment.



- 6.2 The Board of Directors duly met 6 times during the financial year under review.
- 6.3 The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 (the Act) that they meet with the criteria of their independence laid down in Section 149(6) of the Act.

6.4 Formal Annual Evaluation:

The Nomination and Remuneration Committee adopted a formal mechanism for evaluating the performance of the Board of Directors as well as that of its Committees and individual Directors, including Chairman of the Board, Key Managerial Personnel/ Senior Management etc. The exercise was carried out through an evaluation process covering aspects such as composition of the Board, experience, competencies, governance issues etc.

6.5 DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134 of the Companies Act, 2013, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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, 2016 being end of the financial year 2015-16 and of the profit of the Company for the year;
- (iii) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the annual accounts on a going concern basis.
- (v) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**7. INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY:**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures.

**8. MANAGERIAL REMUNERATION:**

REMUNERATION OF DIRECTORS:

Sr. No.	Name of the Director & Designation	Remuneration for the year 2015-16	% increase over last year	Parameters	Median of Employees Remuneration	Ratio	Commission received from Holding/ Subsidiary
1.	Mr. Ashok Chhajer, Managing Director	₹ 13,20,000/-	-	-	2,94,290	4.49	N.A.
2.	Mr. Rishab Chhajer, Jt. Managing Director	₹ 6,60,000/-	-	-	2,94,290	2.24	N.A.

The Board of Directors has framed a Remuneration Policy that assures the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management to enhance the quality required to run the Company successfully. All the Board Members and Senior Management personnel have affirmed time to time implementation of the said Remuneration policy.

The Nomination and Remuneration Policy are available on the Company's website- [www.gujaratcraft.com](http://www.gujaratcraft.com).

## 9. KEY MANAGERIAL PERSONNEL:

% INCREASE IN REMUNERATION OF DIRECTORS & KMP:

Sr. No.	Name of the Director & KMP	Designation	Percentage Increase (If any)
1.	Mr. Ashok Chhajer	Managing Director	-
2.	Mr. Rishab Chhajer	Jt. Managing Director	-
3.	Mr. Raichand Golchha	CFO	5.08
4.	Ms. Anchal Bansal#	Company Secretary	N.A.

# Appointed w.e.f. 3<sup>rd</sup> June, 2016

## 10. PERSONNEL AND H. R. D.:

### 10.1 INDUSTRIAL RELATIONS:

The industrial relations continued to remain cordial and peaceful and your Company continued to give ever increasing importance to training at all levels and other aspects of H. R. D.

The Number of permanent Employees of the Company are ninety seven. The relationship between average increase in remuneration and Company's performance is as per the appropriate performance benchmarks and reflects short and long term performance objectives appropriate to the working of the Company and its goals.

### 10.2 PARTICULARS OF EMPLOYEES:

There is no Employee drawing remuneration requiring disclosure under Rule 5(2) of Companies Appointment & Remuneration of Managerial personnel) Rules, 2014.

## 11. RELATED PARTY TRANSACTION AND DETAILS OF LOANS, GUARANTEES, INVESTMENT & SECURITIES PROVIDED:

Details of Related Party Transactions and Details of Loans, Guarantees and Investments covered under the provisions of Section 188 and 186 of the Companies Act, 2013 respectively are given in the notes to the Financial Statements attached to the Directors' Report.

All transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any transactions with related parties which could be considered as material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.gujaratcraft.com](http://www.gujaratcraft.com).

## 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required under Section 134(3)(m) of the Companies Act, 2013 and rule 8(3) of Companies (Accounts) Rules, 2014, relating to the conservation of Energy and Technology Absorption forms part of this report and is given by way of **Annexure- A**.

## 13. CORPORATE GOVERNANCE AND MDA:

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Report on Corporate Governance and Management Discussion and Analysis (MDA) and a certificate regarding compliance with the conditions of Corporate Governance are appended to the Annual Report as **Annexure - B**.

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**14. SECRETARIAL AUDIT REPORT:**

Your Company has obtained Secretarial Audit Report as required under Section 204(1) of the Companies Act, 2013 from M/s. Pinakin Shah & Co., Company Secretaries, Ahmedabad. The said Report is attached with this Report as **Annexure – C**.

The remarks of auditor and notes on accounts are self explanatory. As regards the observation of the Auditors, the Company has appointed Company Secretary w.e.f. 3<sup>rd</sup> June, 2016.

**15. EXTRACT OF ANNUAL RETURN:**

The extract of Annual return in Form – MGT-9 has been attached herewith as **Annexure – D**.

**16. AUDIT COMMITTEE/ NOMINATION AND REMUNERATION COMMITTEE/ STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The details of various committees and their functions are part of Corporate Governance Report.

**17. DEMATERIALISATION OF EQUITY SHARES:**

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

**18. LISTING:**

The Equity Shares of the Company are listed at BSE Limited and Ahmedabad Stock Exchange Limited. The Company is generally regular in payment of Annual Listing Fees. The Company has paid Listing fees up to the year 2016-17.

**19. GENERAL:**

**19.1. AUDITORS:**

At the Annual General Meeting held on 24<sup>th</sup> September, 2015 M/s. Kantilal Patel & Co, Chartered Accountants, Ahmedabad were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Kantilal Patel & Co, Chartered Accounts, Ahmedabad, as Statutory Auditors of the Company for the year 2016-17, is placed for ratification by the shareholders.

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

**19.2 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.

**19.3 DEPOSITS:**

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

**19.4 RISKS MANAGEMENT POLICY:**

The Company has a risk management policy, which from time to time, is reviewed by the Audit Committee of Directors as well as by the Board of Directors. The Policy is reviewed quarterly by assessing the threats and opportunities that will impact the objectives set for the Company as a whole. The Policy is designed to provide the categorization of risk into threat and its cause, impact, treatment and control measures. As part of the Risk Management policy, the relevant parameters for protection of environment, safety of operations and health of people at work and monitored regularly with reference to statutory regulations and guidelines defined by the Company.

19.5 SUBSIDIARIES/ ASSOCIATES/ JVS:

The Company does not have any Subsidiary/ Associate Company / JV.

19.6 CODE OF CONDUCT:

The Board of Directors has laid down a Code of Conduct applicable to the Board of Directors and Senior Management. All the Board Members and Senior Management personnel have affirmed compliance with the code of conduct.

19.7 SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

There has been no significant and material orders passed by any regulators or courts or tribunals, impacting the going concern status of the Company and its future operations.

19.8 ENVIRONMENT AND SAFETY:

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources.

19.9 DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, the Company did not receive any complaint.

19.10 INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS:

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

**20. DISCLOSURE OF ACCOUNTING TREATMENT:**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**21. 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 : 20<sup>th</sup> July, 2016

**Rishab Chhajer**  
Joint Managing Director

**Ashok Chhajer**  
Managing Director



**(A) CONSERVATION OF ENERGY:**

Steps taken or impact on conservation of energy	In line with the Company's commitment towards conservation of energy, all units continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. The Company has installed Power factor panels so as to reduce overall power consumption.
Steps taken by the company for utilising alternate sources of energy	No significant steps have been taken during the year under review
Capital investment on energy conservation equipments	-

**(B) TECHNOLOGY ABSORPTION:**

Efforts made in Research and Development and Technology Absorption is as under:		
1.	Research & Development (R & D):	
(a)	Specific areas in which R&D carried out by the Company.	New product development and improvement in Quality.
(b)	Benefits derived as a result of the above R&D	Increase in the range of products in its volume of contribution in increased sales turnover.
(c)	Future plan of action	To maintain improved quality of products through quality control.
(d)	Expenditure on R&D	NIL
2.	Technology absorption, adoption and : innovation:	The Company does not envisage any technology absorption.

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO:**

(₹ In lacs)

	2015-16
Total Foreign exchange earnings	5976.25
Total Foreign Exchange used	5.69

For and on behalf of the Board,

Place : Ahmedabad.  
Date : 20<sup>th</sup> July, 2016

**Rishab Chhajjer**  
Joint Managing Director

**Ashok Chhajjer**  
Managing Director

**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 Directors, hereunder, present the Company's Report on Corporate Governance for the year ended 31<sup>st</sup> March, 2016 and also up to the date of this Report.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability.

Effective Corporate Governance is the key element ensuring investor's protection; providing finest work environment leading to highest standards of management and maximization of everlasting long-term values. Your Company believes in the philosophy on practicing Code of Corporate Governance that provides a structure by which the rights and responsibility of different constituents such as the board, employees and shareholders are carved out.

A Report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulation) is given below:

**2. BOARD OF DIRECTORS:****a) Composition and Category of Directors as on 31<sup>st</sup> March, 2016 and also on the date of this report:**

Name of Directors	Category of Directorship	No. of other Directorships@	No. of Committee position in other companies**		No. of Board Meetings attended during 2015-16	Attendance at the AGM held on 24-09-2015 Yes(Y)/No(N)
			Member	Chairman		
Ashok Chhajer, Managing Director	Promoter-Executive	3	1	—	6	Y
Rishab Chhajer, Joint Managing Director	Promoter-Executive	—	—	—	6	N
Kashyap R. Mehta	Independent Non-Executive	3	2	3	6	Y
Anilkumar Bhandari	Independent Non-Executive	—	—	—	6	Y
Swati S. Gupta	Independent Non Executive	—	—	—	6	N

@ Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded

\*\* For the purpose of reckoning the limit of committees, only chairmanship / membership of the Audit Committee and the Stakeholders' Relationship Committee has been considered

- Mr. Ashok Chhajer and Mr. Rishab Chhajer are related to each other.

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

Name of Director	Mr. Ashok Chhajer
Date of Birth	02-02-1958
Date of Appointment	01-10-2004
Qualifications	Commerce Graduate
Expertise in specific functional areas	Management & Administration
List of Public Limited Companies in which Directorships held	APA Finance Limited Indian Agrotech Limited Typhoon Financial Services Limited
List of Private Limited Companies in which Directorships held	Castle Housing Development Pvt Ltd Technomod Properties Pvt Ltd Worldwide Impex Private Limited Rishabh Business Pvt Ltd Bosco Chemtex Private Limited Garima Properties Pvt Ltd
Chairman/Member of the Committees of the Board of Directors of our Company	NIL
Chairman/Member of the Committees of Directors of other Companies	Typhoon Financial Services Limited
Shareholding in the Company	13,92,000 Equity Shares of Rs.10/- each

**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 during the financial year 2015-16 were held on 30<sup>th</sup> May, 2015, 8<sup>th</sup> July, 2015, 29<sup>th</sup> July, 2015, 13<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016.

**d) Shareholding of Non- Executive Directors as on 31<sup>st</sup> March, 2016:**

None of the Non-Executive Directors of the Company hold any Equity Share or convertible securities in the Company.

**e) Familiarisation Program for Independent Directors:**

The details of the familiarization program are available on the Company's website – [www.gujaratcraft.com](http://www.gujaratcraft.com)

**3. AUDIT COMMITTEE:**

The Audit Committee consists of the following Directors as on the date of the Report:

Name of the Directors	Expertise	Terms of reference & Functions of the Committee	No. of Meetings Attended during 2015-16
Anilkumar Bhandari Chairman	All members are Non-executive. Chairman is Independent- Non Executive Director and majority members are Independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Regulations prescribed by SEBI which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	4 of 4
Kashyap R. Mehta			4 of 4
Rishab Chhajer			4 of 4

The Audit Committee met 4 times during the Financial Year 2015-16. The maximum gap between two meetings was not more than 120 days. The Committee met on 30<sup>th</sup> May, 2015, 13<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016. The necessary quorum was present for all Meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

#### 4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee consists of the following Directors as on the date of the Report:

Name of the Directors	Functions of the Committee	No. of Meetings Attended during 2015-16
Anilkumar Bhandari, Chairman	All members are Non executive and majority of the committee members are Independent.  The 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.	During the year under review, no meeting of Nomination & Remuneration Committee was held.
Kashyap R. Mehta		
Ms. Swati S. Gupta		

#### Term of reference & Remuneration Policy:

The Committee identifies and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

The Committee fixes remuneration of the Directors on the basis of their performance and also practice in the industry. The terms of reference of the Nomination & Remuneration Committee include review and recommendation to the Board of Directors of the remuneration paid to the Directors. The Committee meets as and when required to consider remuneration of Directors.

#### Performance Evaluation Criteria for Independent Directors:

The Board evaluates the performance of independent directors (excluding the director being evaluated) on the basis of the contributions and suggestions made to the Board with respect to financial strategy, business operations etc.

#### 5. REMUNERATION OF DIRECTORS:

1. The Company paid Managerial Remuneration of ₹ 19.80 lacs to Managing Director & Joint Managing Director during the year 2015-16.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.
3. To Stock Option has been offered to the Directors.
4. The terms of appointment of Managing Director / Whole-time Director are governed by the resolutions of the members and applicable rules of the Company. None of the Directors are entitled to severance fees.
5. Commission based on performance criteria, if any, as approved by the Board and subject to maximum limit specified in the Act.
6. The Nomination and Remuneration Policy of the Company is given in Directors' Report which specifies the criteria of making payments to Non Executive Directors.
7. Service contract and notice period are as per the terms and conditions mentioned in their Letter of Appointments.



8. There are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Non-Executive Directors except those disclosed in the financial statements for the financial year ended on 31<sup>st</sup> March, 2016.

**6. STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Board has constituted a Stakeholders' Relationship Committee for the purpose of effective Redressal of the complaints and concerns of the shareholders and other stakeholders of the Company.

The Committee comprises the following Directors as members as on the date of the Report:

1. Mr. Kashyap R. Mehta Chairman
2. Mr. Rishab Chhajer Member

The Company received & resolved a complaint during the year under review. There was no valid request for transfer of shares pending as on 31<sup>st</sup> March, 2016.

Ms. Anchal N. Bansal, Company Secretary is the Compliance Officer for the above purpose.

**7. GENERAL BODY MEETINGS:**

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

Financial Year	Date	Time	Venue
2012-13	28-09-2013	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar <b>No Special Resolution was passed</b>
2013-14	26-09-2014	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar <b>Special Resolution:</b> 1. Borrowing Limit under Section 180(1)(c) of the Companies Act, 2013 2. Creation of charge/mortgage under Section 180(1)(a) of the Companies Act, 2013 3. Re-appointment of Mr. Ashok Chhajer as Managing Director of the Company under Sections 188, 196, 197, 203 of the Companies Act, 2013
2014-15	24-09-2015	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar. <b>No Special Resolution was passed.</b>

Pursuant to the relevant provisions of the Companies Act, 2013, there was no matter required to be dealt by the Company to be passed through postal ballot during 2015-16.

**8. MEANS OF COMMUNICATION:**

In compliance with the requirements of the Listing Agreement and SEBI (LODR) Regulations, the Company regularly intimates Unaudited / Audited Financial Results to the Stock Exchanges 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).

The reports, statements, documents, filings and any other information is electronically submitted to the recognized stock exchanges, unless there are any technical difficulties while filing the same. All important information and official press releases are displayed on the website for the benefit of the public at large.

During the year ended on 31<sup>st</sup> March, 2016, no presentations were made to Institutional Investors or analyst or any other enterprise.

**9. GENERAL SHAREHOLDERS' INFORMATION:**

a)	Registered Office	Plot No.431, Santej-Vadsar Road, Village: Santej, Taluka : Kalol-382 721, Dist : Gandhinagar.						
b)	Annual General Meeting	Day : Tuesday Date : 27 <sup>th</sup> September, 2016 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, 2016. Mid - November, 2016. Mid - February, 2017. End - May, 2017.						
d)	Book Closure Dates	From : Friday, the 2 <sup>nd</sup> September, 2016 To : Thursday, the 27 <sup>th</sup> September, 2016 (Both days inclusive).						
e)	Dividend Payment Date	Not applicable.						
f)	Listing of Shares on Stock Exchanges	1. <b>BSE Limited</b> , Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.  2. <b>Ahmedabad Stock Exchange Limited</b> , Kamdhenu Complex, 1 <sup>st</sup> Floor, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015. The Company has paid the annual listing fees for the financial year 2016-17.						
g)	Stock Exchange Code	<table border="1"> <thead> <tr> <th>Stock Exchange</th> <th>Code</th> </tr> </thead> <tbody> <tr> <td>BSE</td> <td>526965</td> </tr> <tr> <td>ASE</td> <td>20214</td> </tr> </tbody> </table>	Stock Exchange	Code	BSE	526965	ASE	20214
Stock Exchange	Code							
BSE	526965							
ASE	20214							
h)	Registrar and Share Transfer Agents (for both Physical and Demat Segment of Equity Shares) of the Company :	<p>Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:</p> <p><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></p>						
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 were traded on the BSE Limited. The information on stock price data, BSE Sensex details are as under:

Month	BSE Limited			BSE Sensex
	High (₹)	Low (₹)	No. of Shares Traded	
April, 2015	19.25	15.55	3,569	27,011.31
May, 2015	18.30	15.05	3,511	27,828.44
June, 2015	17.00	14.00	210	27,780.83
July, 2015	16.00	14.40	137	28,114.56
August, 2015	16.25	12.70	21,019	26,283.09
September, 2015	13.65	11.05	12,190	26,154.83
October, 2015	14.36	9.50	38,658	26,656.83
November, 2015	15.05	11.63	26,697	26,145.67
December, 2015	17.68	14.26	21,955	26,117.54
January, 2016	17.40	12.35	19,554	24,870.69
February, 2016	15.24	12.70	8,638	23,002.00
March, 2016	15.52	13.02	9,347	25,341.86

- l) **Distribution of Shareholding as on 31<sup>st</sup> March, 2016:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	4681	93.77	619066	12.66
501 to 1000	146	2.92	117439	2.40
1001 to 2000	81	1.62	118333	2.42
2001 to 3000	33	0.66	82819	1.69
3001 to 4000	14	0.28	49826	1.02
4001 to 5000	12	0.24	54808	1.12
5001 to 10000	7	0.14	51633	1.06
10001 & Above	18	0.36	3794376	77.62
Grand Total	4992	100.00	4888300	100.00

- m) **Category of Shareholders as on 31<sup>st</sup> March, 2016:**

Category	No. of Shares held	% of Shareholding
Promoters	3597990	73.60
Financial Institutions/Banks	—	—
Bodies Corporate	15422	0.32
NRIs, Clearing Members	2751	0.06
Publics	1272137	26.02
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. There is no outstanding convertible securities/warrants as on date.

- o) Dematerialisation of shares and liquidity:  
Company's Shares are traded compulsorily in dematerialised mode. As on date approx. 85% of the Equity Shares of the Company are in dematerialised mode.
- p) Commodity Price Risks and Commodity Hedging Activities:  
Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board. The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices.
- q) Plant Location:  
Plot No. 431, Santej - Vadsar Road, Village: Santej, Taluka : Kalol - 382 721, Dist : Gandhinagar.
- r) 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  
E-mail Address:[ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Compliance Officer : Ms. Anchal N. Bansal, Company Secretary

## 10. 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. Volatility in raw material price due to crude price.



**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 2015-16 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.

**11. 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. The Company has implemented Vigil Mechanism and Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the Audit Committee.
- d. The Company is in compliance with all mandatory requirements under Listing Regulations. Adoption of non-mandatory requirements of Listing Regulations is being reviewed by the Board from time to time.
- e. The policy on related party transactions is disclosed on the Company's website viz. [www.gujaratcraft.com](http://www.gujaratcraft.com).

**12. DETAILS OF NON COMPLIANCE CORPORATE GOVERNANCE REQUIREMENT:**

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority.

**13. NON-MANDATORY REQUIREMENTS OF REGULATION 27 (1) & PART E OF SCHEDULE II OF THE LISTING REGULATIONS:**

- i. The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
- ii. The Company's financial statements for the financial year 2015-16 do not contain any audit qualification.
- iii. The internal auditors report to the Audit Committee.

14. The Company, on voluntary basis, is in compliance with the corporate governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Regulations.

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

Place : Ahmedabad.  
Date : 20<sup>th</sup> July, 2016.

**Rishab Chhajer**  
Joint Managing Director

**Ashok Chhajer**  
Managing Director

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**DECLARATION**

All the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct of Board of Directors and Senior Management for the year ended on 31<sup>st</sup> March, 2016.

**For Gujarat Craft Industries Limited,**

**Raichand M. Golchha**  
CFO

**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, 2016 and also up to the date of this report as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) / Listing Agreement (LA).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance as stipulated in LODR / LA. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 & Part E of Schedule II of LODR / LA.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Stakeholders' Relationship 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.

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

Place : Ahmedabad  
Date : 20<sup>th</sup> July, 2016

**KASHYAP R. MEHTA**  
Proprietor  
FCS: 1821  
COP No. 2052  
FRN: S2011GJ166500

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Gujarat Craft Industries Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Gujarat Craft Industries Limited** [CIN: L29199GJ1984PLC007130] ('hereinafter called the Company') having Registered Office at Plot No. 431, Santej Vadsar Road, Village: Santej, Taluka: Kalol, Dist: Gandhinagar 382 721. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable during the audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 (Not Applicable during the audit period)
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable during the audit period)
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period)
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period); and

- (vi) Various common laws applicable to the manufacturing and other activities of the Company such as Labour Laws, Pollution Control Laws, Land Laws etc. and sector specific laws such as The Recycled Plastics Manufacture and Usage Rules, 1999 for which we have relied on Certificates/ Reports/ Declarations/Consents/Confirmations obtained by the Company from the experts of the relevant field such as Advocate, Labour Law Consultants, Engineers, Occupier of the Factories, Registered Valuers, Chartered Engineers, Factory Manager, Chief Technology Officer of the Company, Local Authorities, Effluent Treatment Adviser etc. and have found that the Company is generally regular in complying with the provisions of various applicable Acts.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards SS – 1 & SS – 2 issued by The Institute of Company Secretaries of India.  
(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreement

during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to following observations:

- ***The Company did not have a whole time Company Secretary pursuant to Section 203 of the Companies Act, 2013 and Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the period under audit, however since appointed w.e.f. 3<sup>rd</sup> June, 2016.***

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not passed any special resolution.

**For PINAKIN SHAH & CO.**  
Company Secretaries

Place : Ahmedabad  
Date : 20<sup>th</sup> July, 2016

**PINAKIN S. SHAH**  
Proprietor  
FCS: 2562  
COP: 2932  
FRN: S2010GJ134100

**Note:** This report is to be read with our letter of even date which is annexed as Annexure – 1 and forms an integral part of this report.

To,  
The Members,  
**Gujarat Craft Industries Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For PINAKIN SHAH & CO.**  
Company Secretaries

Place : Ahmedabad  
Date : 20<sup>th</sup> July, 2016

**PINAKIN S. SHAH**  
Proprietor  
FCS: 2562  
COP: 2932  
FRN: S2010GJ134100

## Form No. MGT – 9

EXTRACT OF ANNUAL RETURN AS ON 31<sup>ST</sup> MARCH, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

(1)	CIN	L29199GJ1984PLC007130
(2)	Registration Date	31 <sup>st</sup> July, 1984
(3)	Name of the Company	Gujarat Craft Industries Limited
(4)	Category / Sub-Category of the Company	Public Company Limited by Shares
(5)	Address of the registered Office and Contact Details	Plot No. 431, Village: Santej Vadsar Road, Taluka: Kalol, Dist: Gandhinagar 382 721
(6)	Whether Listed Company	Yes
(7)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime (India) Private Limited, Unit No 303, 3rd Floor Shoppers Plaza V, Opp Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Navrangpura, Ahmedabad 380 009 Tel : (079) 2646 5179 Fax : (079) 2646 5179 Email : ahmedabad@linkintime.co.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover
1	Manufacture of tarpaulin	13925	40.72
2	Manufacture of fabric	14102	15.31
3	Manufacture of sacks	22203	43.97

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

The Company has no Holding/ Subsidiary/ Associate Company.

## IV. SHARE HOLDING PATTERN:

## i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held as on 1 <sup>st</sup> April, 2015				No. of Shares held as on 31 <sup>st</sup> March, 2016				% Change during 2015-16
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	2996990	11000	3007990	61.53	2996990	-	2996990	61.31	(0.22)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	601000	-	601000	12.29	601000	-	601000	12.29	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	3597990	11000	3608990	73.83	3597990	-	3597990	73.60	(0.22)



<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) VCF	-	-	-	-	-	-	-	-	-
f) Ins. Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign VCF	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	21277	300	21577	0.44	15122	300	15422	0.32	(0.12)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals holding < = ₹ 1,00,000	414154	645700	1059854	21.68	464602	625300	1089902	22.30	0.62
ii) Individuals holding > ₹ 1,00,000	76928	119400	196328	4.02	51735	130400	182135	3.72	(0.30)
<b>c) Others (specify)</b>									
NRIs	1551	-	1551	0.03	1250	-	1250	0.02	(0.01)
OCB	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	1501	-	1501	0.03	0.03
Trusts	-	-	-	-	100	-	100	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	513910	765400	1279310	26.17	534310	756000	1290310	26.40	0.22
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	513910	765400	1279310	26.17	534310	756000	1290310	26.40	0.22
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	4111900	776300	4888300	100.00	4132300	756000	4888300	100.00	N.A.

## ii) Shareholding of Promoters:

Sr.	Shareholder's Name	Shareholding as on 01-04-2015			Shareholding as on 31-03-2016			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ashok Kumar Chhajer	1392000	28.48	-	1392000	28.48	-	-
2	Ratanchand Ashokkumar	415800	8.51	-	415800	8.51	-	-
3	Sushma Chhajer	519440	10.63	-	519440	10.63	-	-
4	Rishabh Chhajer	525000	10.74	-	525000	10.74	-	-
5	Shruti Chhajer	144750	2.96	-	144750	2.96	-	-
6	Woodland Consultancy Services Pvt. Ltd.	151000	3.09	-	151000	3.09	-	-
7	Indian Agrotech Limited	100000	2.05	-	100000	2.05	-	-
8	APA Finance Limited	150000	3.07	-	150000	3.07	-	-
9	Typhoon Financial Services Limited	200000	4.09	-	200000	4.09	-	-
10	Ratanchand Chhajer & Sons HUF	11000	0.27	-	-	-	-	(0.27)
	<b>Total</b>	<b>4958990</b>	<b>73.83</b>	<b>-</b>	<b>4947990</b>	<b>73.60</b>	<b>-</b>	<b>(0.27)</b>

## iii) Change in Promoters' Shareholding:

Sr. No.	For Each of the Promoter and Promoter Group	Shareholding as on 1 <sup>st</sup> April, 2015		Changes during the Year	Shareholding as on 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares		No. of shares	% of total shares
1	Ratanchand Chhajer & Sons HUF	11000	0.27	(11000)	-	-

**iv) Shareholding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding as on 1 <sup>st</sup> April, 2015		Changes during the Year (decrease due to transfer)	Shareholding as on 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares		No. of shares	% of total shares
	Top 10 as on 1 <sup>st</sup> April, 2015					
1	Madhukar Patil	60100	1.23	-	60100	1.23
2	Anoop Vazirani	44300	0.91	-	44300	0.91
3	Alpeshkumar R Tripathi	34000	0.70	-	34000	0.70
4	Jignesh Bhupendra Shah	16953	0.35	(16953)	-	-
5	Ketan T. Doshi	15000	0.31	-	15000	0.31
6	Kirti Vasantlal Shah	13120	0.27	(13120)	-	-
7	Vijayaben P Parikh	12855	0.26	(11055)	1800	0.04
8	Sunil Hashmukhlal Patel	10000	0.20	-	10000	0.20
9	Minakshi J. Mehta	9000	0.18	-	9000	0.18
10	Raj Kumari	8300	0.17	-	8300	0.17

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding, if any, of each Directors and each Key Managerial Personnel	Shareholding as on 1 <sup>st</sup> April, 2015		Changes during the Year	Shareholding as on 31 <sup>st</sup> March, 2016	
		No. of shares	% of total shares of the Company		No. of shares	% of total shares of the Company
1.	Ashok Kumar Chhajer	1392000	28.48	-	1392000	28.48
2.	Rishab Ashok Chhajer	525000	10.74	-	525000	10.74
	<b>Total</b>	<b>1917000</b>	<b>39.22</b>	<b>-</b>	<b>1917000</b>	<b>39.22</b>

**V. INDEBTEDNESS :**(Indebtedness of the Company including interest outstanding/accrued but not due for payment):  
(In Rs.)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A.	Indebtedness as on 1 <sup>st</sup> April, 2015				
	i) Principal Amount	25,14,56,411	24,28,41,825	-	49,42,98,236
	ii) Interest due but not paid	10,92,692	-	-	10,92,692
	iii) Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	25,25,49,103	24,28,41,825	-	49,53,90,928
B.	Change in Indebtedness during 2015-16				
	* Addition	1,90,66,30,007	2,91,07,226	-	1,93,57,37,233
	* Reduction	1,92,69,17,940	10,71,13,825		2,03,40,31,765
	Net Change	(2,02,87,933)	(7,80,06,599)		(9,82,94,532)
C.	Indebtedness as on 31 <sup>st</sup> March, 2016				
	i) Principal Amount	23,22,61,170	16,48,35,226	-	39,70,96,396
	ii) Interest due but not paid	55,19,973	-		55,19,973
	iii) Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	23,77,81,143	16,48,35,226		40,26,16,369

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manger	
		Mr. Ashok R. Chhajjer Managing Director	Mr. Rishab A. Chhajjer Jt. Managing Director
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 13.20 lacs	₹ 6.60 lacs
(b)	Value of perquisites u/s 17(2)Income-tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
5.	Others, Please specify	-	-
	Total (A)	₹ 13.20 lacs	₹ 6.60 lacs
	Ceiling as per the Companies Act	₹ 84.00 lacs	₹ 84.00 lacs

**B. Remuneration to other Directors:**

No Disclosure is required as there is no remuneration paid to any Director other than MD/WTD during financial year 2015-16.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel
		Mr. Raichand Golchha, Chief Financial Officer
1.	Gross salary	
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 3,33,173/-
(b)	Value of perquisites u/s 17(2)Income-tax Act, 1961	-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission	NIL
5.	Others, Please specify	NIL
	Total	₹ 3,33,173/-

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

No disclosure is required as there are no such Penalties/ Punishment imposed on the Company and its Directors/KMP and no Compounding of Offences done by the Company and its Directors/ KMP.

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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** ("the Company"), which comprise the Balance Sheet as at **March 31, 2016**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at **March 31, 2016** and its profit and its cash flows for the year ended on that date.

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### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in Paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - I. The Company does not have any pending litigations which would impact its financial position.
    - II. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - III. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**[Gopal S. Baldi]**  
Partner

Membership No.: 125930

Place : Ahmedabad  
Date : May 27, 2016

**"Annexure A"**

### **Annexure referred to in paragraph under the heading "Report on other legal and regulatory requirements" 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) Fixed assets were physically verified by the management in the previous year in accordance with a planned program of verifying them once in three years 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) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management,



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the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) According to the information and explanations given to us, the company has not accepted any deposit from the public within the meaning of section 73 to 76 of the Act and the Rules framed under. Therefore, the provision of clause 3(v) of the order is not applicable.
- (vi) As per the information and explanation given to us, the cost accounting records as prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it except income tax.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues except for income tax amounting to ₹ 1,480 ('000) were outstanding, at the year end, for a period of more than six months from the date they became payable.  
(c) According to the records of the Company, no dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks. The company had not taken any loan from financial institution. The company has not obtained any borrowing by way of debentures.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that term loans were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Place : Ahmedabad  
Date : May 27, 2016

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

#### **Annexure 'B'**

#### **Annexure to the independent Auditors' Report of even date on the financial statements of "Gujarat Craft Industries Limited"**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gujarat Craft Industries Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : Ahmedabad  
Date : May 27, 2016

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

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

	Notes	₹ in ('000) 31 <sup>st</sup> March, 2016	₹ in ('000) 31 <sup>st</sup> March, 2015
<b>Equity and liabilities</b>			
Shareholders' funds			
Share capital	3	48,883	48,883
Money received against warrant	4	-	-
Reserves and Surplus	5	109,649	96,264
		<u>158,532</u>	<u>145,147</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6	210,721	318,449
Deferred tax liability (net)	7	25,859	23,702
Long-term provisions	8	1,703	1,387
		<u>238,283</u>	<u>343,538</u>
<b>Current Liabilities</b>			
Short-term borrowings	9	166,442	162,105
Trade payables	10	189,957	181,456
Other current liabilities	11	44,073	38,193
Short-term provisions	8	4,206	3,198
		<u>404,678</u>	<u>384,952</u>
<b>TOTAL</b>		<u><b>801,493</b></u>	<u><b>873,637</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	214,619	226,037
Capital work-in-progress		695	695
		<u>215,314</u>	<u>226,732</u>
Non-current investments	13	380	380
Long-term loans and advances	14	9,356	9,943
Other non-current assets	15	246	3,544
		<u>225,296</u>	<u>240,599</u>
<b>Current assets</b>			
Inventories	16	174,489	298,733
Trade receivables	17	326,136	279,754
Cash and bank balances	18	13,755	10,692
Short-term loans and advances	14	21,859	19,423
Other current assets	15	39,958	24,436
		<u>576,197</u>	<u>633,038</u>
<b>Total</b>		<u><b>801,493</b></u>	<u><b>873,637</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 : 27th May, 2016

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

**Ashok Chhajer** Managing Director

**Rishab Chhajer** Joint Managing Director

**Raichand Golchha** Chief Financial Officer

Place : Ahmedabad

Date : 27th May, 2016

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

	Notes	₹ in ('000) 31 <sup>st</sup> March, 2016	₹ in ('000) 31 <sup>st</sup> March, 2015
<b>Income</b>			
Revenue from operations (gross)	19	1,204,362	972,732
Less: excise duty		57,862	63,369
Revenue from operations (net)		1,146,500	909,363
Other Income	20	10,572	13,931
<b>Total revenue (I)</b>		<b>1,157,072</b>	<b>923,294</b>
<b>Expenses</b>			
Cost of raw materials	21	757,724	717,444
Trading purchase		7,193	13,845
(Increase)/ decrease in inventories of finished goods, work-in-progress	22	129,052	(38,673)
Employee benefits expense	23	17,688	15,054
Other expenses	24	165,122	146,975
<b>Total (II)</b>		<b>1,076,779</b>	<b>854,645</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>80,293</b>	<b>68,649</b>
Depreciation and amortization expense	12	17,378	18,499
Finance costs	25	42,228	35,926
<b>Profit before tax</b>		<b>20,687</b>	<b>14,224</b>
<b>Tax expenses</b>			
Current tax		5,145	2,932
Less: MAT Credit		-	(2,739)
Tax of earlier year		-	121
Deferred tax		2,157	5,546
<b>Total tax expenses</b>		<b>7,302</b>	<b>5,860</b>
<b>Profit for the year</b>		<b>13,385</b>	<b>8,364</b>
<b>Earnings per equity share</b> [nominal value of share ₹ 10 (31st March, 2015: ₹ 10)]			
<b>Basic</b>			
Computed on the basis of total profit for the year	26	2.74	1.71
<b>Dilluted</b>			
Computed on the basis of total profit for the year		2.74	1.71
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 : 27th May, 2016

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

**Ashok Chhajer** Managing Director

**Rishab Chhajer** Joint Managing Director

**Raichand Golchha** Chief Financial Officer

Place : Ahmedabad  
 Date : 27th May, 2016

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

	₹ in ('000)	₹ in ('000)
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Cash flow from operating activities</b>		
Profit before tax from continuing operations	20,687	14,224
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	17,378	18,499
Provision for Employee Benefit	514	948
Loss on sale of assets	640	-
Bad debts / advances written off	69	325
Interest expense	42,228	35,926
Interest income	(1,135)	(1,317)
Operating profit before working capital changes	<u>80,381</u>	<u>68,605</u>
<b>Movements in working capital</b>		
Increase in trade payables	8,501	(25,265)
Increase/(decrease) in other current liabilities	5,306	2,090
Decrease/(increase) in trade receivables	(46,382)	(12,605)
Decrease/(increase) in inventories	124,244	(39,207)
Decrease / (increase) in long-term loans and advances	(334)	6,987
Decrease / (increase) in short-term loans and advances	(2,436)	12,282
Decrease/(increase) in other current assets	(15,522)	(6,327)
Decrease / (increase) in other non-current assets	3,298	1,425
Cash generated from / (used in) operations	<u>157,056</u>	<u>7,985</u>
Direct taxes paid (net of refunds)	(3,484)	(3,158)
<b>Net cash flow from/ (used in) operating activities (A)</b>	<u><u>153,572</u></u>	<u><u>4,827</u></u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP	(6,133)	(15,426)
Purchase of non-current investments	-	(380)
Sale proceed / capital subsidy of Fixed assets	108	9,900
Interest received	1,135	1,317
<b>Net cash flow from/(used in) investing activities (B)</b>	<u><u>(4,890)</u></u>	<u><u>(4,589)</u></u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	417	52,790
Repayment of long-term borrowings	(108,145)	(14,110)
Proceeds from short-term borrowings	4,337	589
Interest paid	(42,228)	(35,926)
<b>Net cash flow from/(used in) in financing activities (C)</b>	<u><u>(145,619)</u></u>	<u><u>3,343</u></u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	<u>3,063</u>	<u>3,581</u>
Cash and cash equivalents at the beginning of the year	<u>10,692</u>	<u>7,111</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>13,755</u></u>	<u><u>10,692</u></u>
<b>Components of cash and cash equivalents</b>		
Cash on hand	955	1,009
Balance with banks	12,800	9,683
<b>Total cash and cash equivalents (note 18)</b>	<u><u>13,755</u></u>	<u><u>10,692</u></u>

Summary of significant accounting policies 2.1

The above Cash Flow Statement has been prepared under Indirect Method set out in Accounting Standard 3 of accounting standard issued by the ICAI.

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 : 27th May, 2016

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

**Ashok Chhajer** Managing Director

**Rishab Chhajer** Joint Managing Director

**Raichand Golchha** Chief Financial Officer

Place : Ahmedabad

Date : 27th May, 2016

**Notes to financial statements for the year ended 31<sup>st</sup> March 2016****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. Its shares are listed on BSE Limited, Calcutta 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 Company have been prepared in accordance with the 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 U/S 133 of Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

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 is provided based on useful life of the assets as prescribed in schedule II to the Companies Act, 2013 on Straight Line Method (SLM) method.

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

Waste is valued at net realizable value.

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

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

**Sale of goods :** Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government

and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

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

**k. Foreign currency translation**

**Foreign currency transactions and balances**

Initial recognition

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

Conversion

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

Exchange differences

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

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

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

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

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

**l. Employee benefits**

Short Term Employee Benefits:

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

Post-Employment Benefits :

(i) Defined Contribution Plans :

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

(ii) Defined Benefit Plans:

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

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

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

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

(iii) 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016**

	31 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
	₹ in ('000)		₹ in ('000)	
<b>3. Share capital</b>				
<b>Authorized share capital</b>				
50,00,000 (31 March, 2015: 50,00,000) equity shares of ₹10/- each		<b>50,000</b>		50,000
<b>Issued, subscribed and fully paid-up share capital</b>		<b>48,883</b>		48,883
48,88,300 (31 March, 2015: 48,88,300) equity shares of ₹10/- each		<b>48,883</b>		48,883
<b>Total issued, subscribed and fully paid-up share capital</b>		<b>48,883</b>		48,883
<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, 2016</b>		<b>31<sup>st</sup> March, 2015</b>	
	<b>Number</b>	<b>₹ in ('000)</b>	<b>Number</b>	<b>₹ in ('000)</b>
At the beginning of the period	<b>4,888,300</b>	<b>48,883</b>	4,108,300	41,083
Issued during the period	-	-	780,000	7,800
<b>Outstanding at the end of the period</b>	<b>4,888,300</b>	<b>48,883</b>	<b>4,888,300</b>	<b>48,883</b>
<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, 2016</b>		<b>31<sup>st</sup> March, 2015</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>1,392,000</b>	<b>28.48%</b>	1,392,000	28.48%
Rishab Chhajer	<b>525,000</b>	<b>10.74%</b>	525,000	10.74%
Sushma Chhajer	<b>519,440</b>	<b>10.63%</b>	519,440	10.63%
Ratanchand Ashokkumar HUF	<b>415,800</b>	<b>8.51%</b>	415,800	8.51%
	<b>Number</b>	<b>31 March, 16</b>	<b>Number</b>	<b>31 March, 15</b>
		<b>₹ in (000)</b>		<b>₹ in (000)</b>
<b>4 Money Received Against Warrant</b>				
Application Money at the beginning of the Year	-	-	780	21,060
Money received during the Year converted (Equity Share of ₹ 10 at a premium @ ₹ 17)	-	-	(780)	(21,060)
Money remains against warrant	-	-	-	-
			<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>
			<b>₹ in ('000)</b>	<b>₹ 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>30,175</b>		16,915
Add: Premium on shares issued		-		13,260
Closing Balance		<b>30,175</b>		30,175
<b>Surplus in the statement of profit and loss</b>				
Balance as per last financial statements		<b>65,659</b>		58,221
Effect of change in accounting policy for depreciation		-		(926)
Profit for the year		<b>13,385</b>		8,364
Net surplus in the statement of profit and loss		<b>79,044</b>		65,659
Total reserves and surplus		<b>109,649</b>		96,264

## 6. Long-term borrowings

	Non-current portion		Current maturities	
	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)
<b>Term loans</b>				
Term Loan From State Bank of India (secured)	55,066	80,372	19,200	12,133
Loan from Finance Company (secured) Against hypothecation of vehicle	769	352	733	1,611
<b>Other loans</b>				
Loans from director (unsecured)	23,689	27,544	-	-
Inter Corporate Loans (unsecured)	131,197	210,181	-	-
	<b>210,721</b>	318,449	<b>19,933</b>	13,744
<b>The above amount includes</b>				
Secured borrowings	55,835	80,724	19,933	13,744
Unsecured borrowings	154,886	237,725	-	-
Amount disclosed under the head "other current liabilities" (note 11)	-	-	(19,933)	(13,744)
<b>Net amount</b>	<b>210,721</b>	318,449	-	-

Term loans from State Bank of India are taken during the financial year 2011-12 and 2013-14 and carries interest 13.45% 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 (Also guaranteed by Managing Director).

	31 <sup>st</sup> March, 2016 ₹ in ('000)	31 <sup>st</sup> March, 2015 ₹ 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	26,275	24,497
<b>Gross deferred tax liability</b>	<b>26,275</b>	24,497
<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	416	795
Others	-	-
<b>Gross deferred tax asset</b>	<b>416</b>	795
<b>Net deferred tax liability</b>	<b>25,859</b>	<b>23,702</b>

## 8. Provisions

	Long-term		Short-term	
	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)
<b>Provision for employee benefits</b>				
Provision for gratuity (note 27)	1,550	1,255	364	308
Provision for compensated absences	153	132	39	23
	<b>1,703</b>	1,387	<b>403</b>	331
<b>Other provisions</b>				
Provision for Income tax (net of advance tax)	-	-	3,803	2,867
	-	-	3,803	2,867
	<b>1,703</b>	1,387	<b>4,206</b>	3,198

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**31<sup>st</sup> March, 2016**    31<sup>st</sup> March, 2015  
**₹ in ('000)**                      ₹ in ('000)

<b>9. Short-term borrowings</b>		
<b>From Bank:</b>		
Cash credit / packing credit / S.L.C. (secured)	<b>161,157</b>	156,988
<b>Other loans</b>		
Inter Corporate Loans (unsecured)	<b>5,285</b>	5,117
	<b>166,442</b>	162,105
<b>The above amount includes</b>		
Secured borrowings	<b>161,157</b>	156,988
Unsecured borrowings	<b>5,285</b>	5,117
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 @ 13.30% p.a. (Also guaranteed by Managing Director)		
<b>10. Trade payables</b>		
Trade payables including L.C. acceptances of ₹ 54,600 (PY ₹ 54,178) (note 35)	<b>189,957</b>	181,456
	<b>189,957</b>	181,456
<b>11. Other current liabilities</b>		
Current maturities of long-term borrowings (Note:6)	<b>19,933</b>	13,744
Statutory liabilities	<b>8,022</b>	18,993
Advance received from customers	<b>10,383</b>	3,575
Interest accrued and due on borrowings	<b>5,520</b>	1,092
Payables on purchase of fixed assets	<b>215</b>	789
	<b>44,073</b>	38,193

**12. Tangible assets**

₹ 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 2015</b>	2,285	78,806	204,152	7,401	3,586	805	774	11,690	309,499
Additions	-	315	4,333	-	596	74	37	1,352	6,707
Disposals	-	-	(1,093)	-	-	-	-	(39)	(1,132)
Other adjustments	-	-	(805)	-	-	-	-	-	(805)
<b>At 31<sup>st</sup> March 2016</b>	<b>2,285</b>	<b>79,121</b>	<b>206,587</b>	<b>7,401</b>	<b>4,182</b>	<b>879</b>	<b>811</b>	<b>13,003</b>	<b>314,269</b>
<b>Depreciation</b>									
At 31 <sup>st</sup> March 2015	-	16,632	55,089	4,250	2,445	637	346	4,063	83,462
Charge for the year	-	2,828	11,472	617	459	84	115	1,803	17,378
Disposals	-	-	(348)	-	-	-	-	(37)	(385)
Other adjustment	-	0	(805)	0	0	0	0	-	(805)
<b>At 31<sup>st</sup> March 2016</b>	<b>-</b>	<b>19,460</b>	<b>65,408</b>	<b>4,867</b>	<b>2,904</b>	<b>721</b>	<b>461</b>	<b>5,829</b>	<b>99,650</b>
<b>Impairment loss</b>									
<b>Change in estimate</b>									
At 31 <sup>st</sup> March 2015	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
<b>At 31<sup>st</sup> March 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Block</b>									
<b>At 31<sup>st</sup> March 2016</b>	<b>2,285</b>	<b>59,661</b>	<b>141,179</b>	<b>2,534</b>	<b>1,278</b>	<b>158</b>	<b>350</b>	<b>7,174</b>	<b>214,619</b>
At 31 <sup>st</sup> March 2015	2,285	62,174	149,063	3,151	1,141	168	428	7,627	226,037

	31 <sup>st</sup> March, 2016 ₹ in ('000)	31 <sup>st</sup> March, 2015 ₹ in ('000)	
<b>13. Non-current investments</b>			
In Equity Shares - Unquoted, fully paid up at cost Equity share of Precision Cast Alloy P. Ltd. 47,500 (PY 47,500) share of ₹ 10 each	380	380	
	<u>380</u>	<u>380</u>	
	<b>Long-term</b>	<b>Short-term</b>	
	<b>31<sup>st</sup> March, 16</b>	<b>31<sup>st</sup> March, 15</b>	<b>31<sup>st</sup> March, 16</b>
	₹ in ('000)	₹ in ('000)	₹ in ('000)
	₹ in ('000)	₹ in ('000)	₹ in ('000)
<b>14. Loans and advances</b>			
<b>Capital advances</b>			
Unsecured, considered good	2,775	1,619	-
(A)	<u>2,775</u>	<u>1,619</u>	<u>-</u>
<b>Security deposit</b>			
Unsecured, considered good	43	865	2,954
(B)	<u>43</u>	<u>865</u>	<u>2,954</u>
<b>Advances recoverable in cash or kind</b>			
Unsecured considered good	-	-	6,026
(C)	<u>-</u>	<u>-</u>	<u>6,026</u>
<b>Other loans and advances</b>			
MAT Credit entitlement	6,538	7,459	-
Prepaid expenses	-	-	256
Balances with government authorities	-	-	12,623
(D)	<u>6,538</u>	<u>7,459</u>	<u>12,879</u>
<b>Total (A + B + C + D)</b>	<u>9,356</u>	<u>9,943</u>	<u>21,859</u>
	<b>Non-Current</b>	<b>Current</b>	
	<b>31<sup>st</sup> March, 16</b>	<b>31<sup>st</sup> March, 15</b>	<b>31<sup>st</sup> March, 16</b>
	₹ in ('000)	₹ in ('000)	₹ in ('000)
	₹ in ('000)	₹ in ('000)	₹ in ('000)
<b>15. Other assets</b>			
<b>Unsecured, considered good unless stated otherwise</b>			
Non-current bank balances (note 18)	246	3,544	-
(A)	<u>246</u>	<u>3,544</u>	<u>-</u>
Export benefits receivable	-	-	26,525
Interest accrued on fixed deposits	-	-	934
Subsidy receivables	-	-	12,499
(B)	<u>-</u>	<u>-</u>	<u>39,958</u>
<b>Total (A + B)</b>	<u>246</u>	<u>3,544</u>	<u>24,436</u>
	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>	
	₹ in ('000)	₹ in ('000)	
<b>16. Inventories</b>			
Raw materials (includes in transit ₹ 10,516 in ('000) (31 March 2015: ₹ 3,031 in ('000) (note 21)		30,427	27,361
Work-in-progress (note 22)		76,101	103,373
Finished goods (note 22)		61,795	163,999
Waste		1,062	638
Stores and spares		5,104	3,362
		<u>174,489</u>	<u>298,733</u>

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	31 <sup>st</sup> March, 2016 ₹ in ('000)	31 <sup>st</sup> March, 2015 ₹ in ('000)		
<b>17. 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	70,615	81,660		
Unsecured, considered good Doubtful	-	-		
<b>(A)</b>	<b>70,615</b>	<b>81,660</b>		
Other receivables				
Unsecured, considered good	255,521	198,094		
<b>(B)</b>	<b>255,521</b>	<b>198,094</b>		
<b>Total (A + B)</b>	<b>326,136</b>	<b>279,754</b>		
	<b>Non-current</b>	<b>Current</b>		
	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)	31 <sup>st</sup> March, 16 ₹ in ('000)	31 <sup>st</sup> March, 15 ₹ in ('000)
<b>18. Cash and bank balances</b>				
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts	-	-	178	496
On deposit accounts (Margin Money Deposit)	-	-	12,622	9,187
Cash on hand	-	-	955	1,009
	-	-	<b>13,755</b>	<b>10,692</b>
Other bank balances				
Deposits with original maturity for more than 12 months (Margin Money Deposit)	246	3,544	-	-
	246	3,544	-	-
Amount disclosed under non-current assets (note 15)	(246)	(3,544)	-	-
	-	-	<b>13,755</b>	<b>10,692</b>
<b>Deposits given as security</b>				
Fixed deposits with a carrying amount of ₹ 12,868 (31 March 2015: ₹ 12,705) are pledged with the Bank towards letter of credit and bank guarantee.				
			2015-16 ₹ in ('000)	2014-15 ₹ in ('000)
<b>19. Revenue from operations</b>				
<b>Revenue from operations</b>				
Sale of products				
Finished goods			1,121,175	911,922
Trading goods			8,350	16,400
Other operating revenue				
Scrap sales			21,108	18,094
Installation charges			11,863	6,722
Job work Income			8,898	1,904
Export benefits			32,968	17,690
<b>Revenue from operations (gross)</b>			<b>1,204,362</b>	<b>972,732</b>
Less: Excise duty #			57,862	63,369
Revenue from operations (net)			<b>1,146,500</b>	<b>909,363</b>
# Excise duty on sales amounting to ₹ 57,862 in ('000) (31 March 2015: ₹ 63,369 in ('000)) has been reduced from sales in profit & loss account.				
<b>Details of products sold</b>				
<b>Finished goods sold</b>				
Fabrics			171,647	181,917
Sacks			492,993	365,678
Tarpaulin			456,535	364,327
			<b>1,121,175</b>	<b>911,922</b>
<b>Traded goods sold</b>				
Granules			8,350	16,400
			<b>8,350</b>	<b>16,400</b>



	2015-16 ₹ in ('000)	2014-15 ₹ in ('000)
<b>20. Other income</b>		
Interest income		
Bank deposits	1,093	1,066
Others	42	251
Exchange rate differences (net)	<u>9,437</u>	<u>12,614</u>
	<u><b>10,572</b></u>	<u><b>13,931</b></u>
<b>21. Cost of raw material consumed</b>		
Inventory at the beginning of the year	16,845	24,700
Add: Purchases	<u>763,022</u>	<u>709,589</u>
	<u>779,867</u>	<u>734,289</u>
Less: inventory at the end of the year	<u>22,143</u>	<u>16,845</u>
Cost of raw materials consumed	<u><b>757,724</b></u>	<u><b>717,444</b></u>
<b>Details of raw material consumed</b>		
Fabric	2,005	5,541
Granules	627,556	604,907
Master batch and others	<u>128,163</u>	<u>106,996</u>
	<u><b>757,724</b></u>	<u><b>717,444</b></u>
<b>Details of inventory</b>		
<b>Raw materials</b>		
Granules	17,010	11,218
Master batch and others	<u>5,133</u>	<u>5,627</u>
	<u><b>22,143</b></u>	<u><b>16,845</b></u>
<b>22. (Increase)/ decrease in inventories of finished goods, work-in-progress</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	76,101	103,373
Finished goods	61,795	163,999
Waste	<u>1,062</u>	<u>638</u>
	<u><b>138,958</b></u>	<u><b>268,010</b></u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	103,373	159,991
Finished goods	163,999	69,072
Waste	<u>638</u>	<u>274</u>
	<u><b>268,010</b></u>	<u><b>229,337</b></u>
	<u><b>129,052</b></u>	<u><b>(38,673)</b></u>
<b>Details of inventory</b>		
<b>Work-in-progress</b>		
Tape	14,939	20,026
Fabric	59,213	83,158
Others	<u>1,949</u>	<u>189</u>
	<u><b>76,101</b></u>	<u><b>103,373</b></u>
<b>Finished goods</b>		
Sacks	16,490	23,369
Tarpaulin	<u>45,305</u>	<u>140,630</u>
	<u><b>61,795</b></u>	<u><b>163,999</b></u>

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	2015-16 ₹ in ('000)	2014-15 ₹ in ('000)
<b>23. Employee benefits expense</b>		
Salaries, wages and bonus	15,655	13,432
Contribution to provident fund	979	469
Gratuity expense (note 27)	430	859
Leave Encashment Expense	84	89
Staff welfare expenses	540	205
	<u>17,688</u>	<u>15,054</u>
<b>24. Other expenses</b>		
Consumption of stores and spares	22,126	14,516
Labour & Process charges	29,869	18,626
Increase/(decrease) of excise duty on inventory	(11,413)	10,624
Power and fuel	62,639	53,806
Factory Rent	3,355	2,860
Freight and forwarding charges	36,238	28,128
Insurance	1,956	1,784
Repairs and maintenance		
Plant and machinery	1,568	1,230
Buildings	1,566	742
Others	743	518
Payment to auditor (Refer details below)	293	276
Loss on sale of assets (Net)	640	-
Bad debts/advances written off	69	325
Miscellaneous expenses	15,473	13,540
	<u>165,122</u>	<u>146,975</u>
<b>Payment to auditor</b>		
<b>As auditor:</b>		
Audit fee	140	140
Tax audit fee	96	96
Limited review & Certification	57	40
	<u>293</u>	<u>276</u>
<b>25. Finance costs</b>		
Interest cost:		
On Term Loan	7,989	2,816
On Cash Credit	14,608	16,062
To Others	16,431	14,660
Bank charges	3,200	2,388
	<u>42,228</u>	<u>35,926</u>
<b>26. 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)	13,385	8,364
Weighted average number of Equity Shares in calculating basic EPS	4,888,300	4,888,300
Equity Shares in calculating Diluted EPS	4,888,300	4,888,300
Basic EPS in ₹	2.74	1.71
Diluted EPS in ₹	2.74	1.71

## 27 Gratuity and other post-employment benefit plans

- a. The company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 979 in ('000) (Year ended 31 March, 2015 ₹ 469 in ('000)) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to this plan by the company is at rate specified in the rules of the schemes.
- b. The company operates two defined plans, viz., gratuity and leave encashment, for its employees. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The plans are not funded by the company.

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

### Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	2015-16 ₹ in (000)	2014-15 ₹ in (000)
Current service cost	325	176
Interest cost on benefit obligation	125	66
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(20)	617
<b>Net benefit expense</b>	<b>430</b>	<b>859</b>
<b>Balance sheet</b>	<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>
Benefit asset/liability		
Present value of defined benefit obligation	1,914	1,563
Fair value of plan assets	-	-
Present value of defined benefit obligation	<u>1,914</u>	<u>1,563</u>
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	1,563	704
Current service cost	-	176
Interest cost	-	66
Benefits paid	(79)	-
Actuarial (gains)/losses on obligation	-	617
<b>Closing defined benefit obligation</b>	<b><u>1,484</u></b>	<b><u>1,563</u></b>
The principal assumptions used in determining gratuity for the company's plans are shown below:		
Discount rate	8.04%	8.00%
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.

## 28 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.

	31 <sup>st</sup> March, 2016 ₹ in (000)	31 <sup>st</sup> March, 2015 ₹ in (000)
Finance costs	-	-
	-	-
	-	-

**29. Segment information**

Based on the guiding principle given in Accounting Standard-17 on Segment Reporting (issued by the Institute of Chartered Accountants of India), the Company's primary business is manufacturing of P.E.Tarpaulin, HD/PP Woven Sacks, Fabrics which have similar risks and returns, Accordingly there are no separate reportable segment as far as primary segment is concerned.

The operations 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>	<b>31<sup>st</sup> March, 2016</b> ₹ in (000)	31 <sup>st</sup> March, 2015 ₹ in (000)
<b>Sales:</b>		
India	<b>543,338</b>	600,137
Middle East	<b>294,086</b>	135,384
Africa	<b>78,656</b>	122,941
Europe	<b>152,680</b>	100,425
USA	<b>22,760</b>	-
Others	<b>112,842</b>	13,845
	<b><u>1,204,362</u></b>	<b><u>972,732</u></b>
<b><u>Assets Located Outside India</u></b>		
<b>Trade Receivables:</b>		
Europe	<b>12,602</b>	6,005
Middle East	<b>52,159</b>	29,493
Africa	<b>50,870</b>	64,702
USA	<b>3,019</b>	-
Others	<b>2,162</b>	3,040

**30 Related party disclosures****Names of related parties and related party relationship**

Key management personnel Ashok Chhajer  
Rishab Chhajer  
Kashyap Mehta

Relative of Key Management personnel Susma Chhajer  
Binod 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:

	<b>2015-16</b> ₹ in (000)	2014-15 ₹ in (000)
<b>a. Key managerial personnel Remuneration</b>		
Mr. Ashok Chhajer, Managing director		
Salary & Allowances	<b>1,320</b>	1,320
Director Sitting Fees	-	-
Mr. Rishab Chhajer, Joint managing director		
Salary & Allowances	<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.

	2015-16 ₹ in (000)	2014-15 ₹ in (000)
<b>Receipt of Loans</b>		
Mr. Ashok Chhajer, Managing Director	500	18,364
Mr. Rishab Chhajer, Joint Managing director	3,340	3,800
<b>Payment of loans</b>		
Mr. Ashok Chhajer, Managing director	(2,100)	-
Mr. Rishab Chhajer, Joint Managing director	(5,595)	(1,500)
<b>Outstanding Payable as at the year end</b>		
Mr. Ashok Chhajer, Managing director	23,644	25,244
Mr. Rishab Chhajer, Joint Managing director	45	2,300
<b>Other transactions</b>		
Mr. Kashyap Mehta, Director		
Professional Fees	233	246
<b>b. Transactions With Enterprises where Key management personnel has significant Influence</b>		

Name of the Party	31 March, 2016			31 March, 2015		
	Loan Taken	Loan Repaid	Outstanding Balance	Loan Taken	Loan Repaid	Outstanding Balance
Typhoon Financial Serv. Ltd.	600	24,760	14,060	245	2,174	38,220
Worldwide Impex Pvt. Ltd.	12,153	11,319	17,731	11,715	13,170	16,897
Apa Finance Ltd.	-	2,151	-	100	-	2,151
Ethnic Appereal P. Ltd.	-	-	-	-	1,064	-
Technomod Prop. P. Ltd.	-	-	-	-	2,725	-
Woodlands Co. Ser. P. Ltd.	-	625	17,515	2,055	1,622	18,140
Rishabh Business P. Ltd.	-	-	-	-	576	-
Indian Agrotech Ltd.	-	-	3,740	-	-	3,740

**31 Capital and other commitments**

Estimated amount of contract remaining to be executed in Capital Account (net of advances) not provided for ₹ 1,050 in ('000) (P.Y. ₹ 1,481 in ('000)).

**32 DERIVATIVE INSTRUMENTS:**

Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2016 US \$ 819 ('000) Equivalent to ₹ 54,341 ('000) (P.Y. \$ NIL Equivalent to ₹ NIL)

**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, 2016. 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 2016 ₹ in (000)	31 March 2015 ₹ in (000)
Income Tax Liability for which the company has preferred an appeal before the CIT (A).	-	30,272
	-	30,272
	<u>          </u>	<u>          </u>

**32<sup>ND</sup> ANNUAL REPORT 2015-16**

	<b>2015-16</b>		<b>2014-15</b>	
	<b>₹ in (000)</b>		<b>₹ in (000)</b>	
<b>37 Value of imports calculated on CIF basis</b>				
Raw materials	47,971		34,165	
Components and spare parts	-		-	
	<u>47,971</u>		<u>34,165</u>	
<b>38 Expenditure in foreign currency (accrual basis)</b>				
Commission	-		333	
Travelling and conveyance	569		1,002	
	<u>569</u>		<u>1,335</u>	
<b>39 Imported and indigenous raw materials and spare parts consumed</b>				
	<b>% of total</b>	<b>Value</b>	<b>% of total</b>	<b>Value</b>
	<b>consumption</b>	<b>₹ in (000)</b>	<b>consumption</b>	<b>₹ in (000)</b>
	<b>2015-16</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2014-15</b>
<b>Raw Materials</b>				
Imported	5.72	43,320	0.06	40,213
Indigenously obtained	94.28	714,404	99.94	677,231
	<u>100.00</u>	<u>757,724</u>	<u>100.00</u>	<u>717,444</u>
<b>Spare parts</b>				
Imported	-	-	-	-
Indigenously obtained	100.00	22,126	100.00	14,516
	<u>100.00</u>	<u>22,126</u>	<u>100.00</u>	<u>14,516</u>
<b>40 Earnings in foreign currency (accrual basis)</b>				
	<b>2015-16</b>		<b>2014-15</b>	
	<b>₹ in (000)</b>		<b>₹ in (000)</b>	
Exports at F.O.B. Value	597,625		331,701	
	<u>597,625</u>		<u>331,701</u>	

41 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 41 to 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 : 27th May, 2016

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

**Ashok Chhajer** Managing Director

**Rishab Chhajer** Joint Managing Director

**Raichand Golchha** Chief Financial Officer

Place : Ahmedabad  
 Date : 27th May, 2016

**GUJARAT CRAFT INDUSTRIES LIMITED**  
**[CIN: L29199GJ1984PLC007130]**

**Registered Office:**

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

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 for me as me/us and on my/ our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company, to be held on Tuesday, the 27<sup>th</sup> September, 2016 at 12.00 p.m. at the Registered Office of the Company at, 431, Santej-Vadsar Road, Santej, Tal.: Kalol, Dist.: Gandhinagar – 382 721 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 the Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors thereon.		
2	Re-Appointment of Mr. Ashok Chhajer, liable to retire by rotation and being eligible, offers himself for re-appointment		
3	Ratification of Appointment of Statutory Auditors of the Company		
<b>Special Business</b>			
4	Authority to the Board of Directors to make investment under section 186 of the Companies Act, 2013.		

Signed this ..... day of ..... 2016

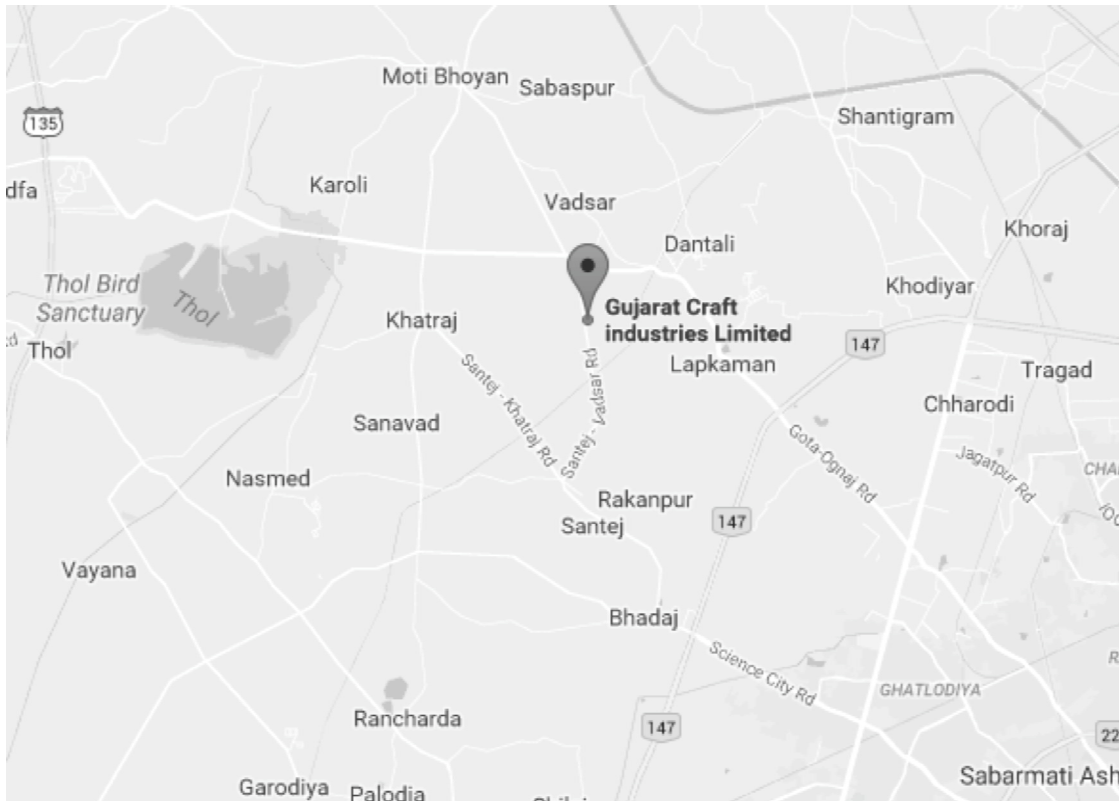
Signature of Shareholder .....

Signature of Proxyholder (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.**

Route Map for Annual General Meeting





**GUJARAT CRAFT INDUSTRIES LIMITED**  
[CIN: L29199GJ1984PLC007130]

**Registered Office:**

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

**FORM MGT-12**

**ATTENDANCE / 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 attendance at the meeting and vote(s) in respect of the resolutions set out in the Notice of 32 <sup>nd</sup> Annual General Meeting (AGM) of the Company to be held on Tuesday, 27 <sup>th</sup> September, 2016, by sending my/our assent or dissent to the said Resolutions 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 the Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors thereon.			
2	Re-Appointment of Mr. Ashok Chhajer, liable to retire by rotation and being eligible, offers himself for re-appointment			
3	Ratification of Appointment of Statutory Auditors of the Company			
<b>Special Business</b>				
4	Authority to the Board of Directors to make investment under section 186 of the Companies Act, 2013.			

Place :

Date :

(Signature of the Shareholder/Proxy)

**Note: This Form is to be used for exercising attendance/ voting at the time of 32<sup>nd</sup> Annual General Meeting to be held on Tuesday, the 27<sup>th</sup> September, 2016 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.

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