



**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

27th September, 2017

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 2016-17

Please note that the members in their 33rd Annual General Meeting held on 27th September, 2017 have approved and adopted the Annual Report 2016-17.

We are sending herewith approved and adopted Annual Report 2016-17 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 2016-17 is uploaded on listing module of BSE Limited.

33RD ANNUAL REPORT
2016-17



GUJARAT CRAFT
INDUSTRIES LTD

[CIN : L29199GJ1984PLC007130]

GUJARAT CRAFT INDUSTRIES LIMITED

[CIN: L29199GJ1984PLC007130]

33RD ANNUAL REPORT 2016-17

BOARD OF DIRECTORS	: 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
MANAGEMENT TEAM	: Mr. Raichand M. Golchha Ms. Anchal N. Bansal	Chief Financial Officer Company Secretary
STATUTORY AUDITORS	: M/s. Kantilal Patel & Co., (A member firm of Polarix International, USA) Chartered Accountants, Ahmedabad	
COMPANY LAW CONSULTANT	: M/s. Kashyap R. Mehta & Associates, Company Secretaries, Ahmedabad	
BANKERS	: State Bank of India	
REGISTERED OFFICE & WORKS	: Plot No.431, Santej-Vadsar Road, Village : Santej, Taluka : Kalol - 382 721, District : Gandhinagar	
CITY OFFICE	: 35, Omkar House, Near Swastik Cross Roads, C. G. Road, Navrangpura, Ahmedabad - 380 009	
REGISTRAR AND SHARE TRANSFER AGENTS	: Link Intime (India) Private Limited 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ahmedabad - 380 006	
WEBSITE	: www.gujaratcraft.com	

CONTENTS	PAGE NO.
Notice	1-12
Directors' Report including Corporate Governance Report and Secretarial Audit Report	13-36
Independent Auditors' Report	37-40
Balance Sheet	41
Profit & Loss Account	42
Cash Flow Statement	43
Notes on Financial Statement	44-58

NOTICE

NOTICE is hereby given that the **33rd ANNUAL GENERAL MEETING** of the Members of **GUJARAT CRAFT INDUSTRIES LIMITED** will be held as scheduled below:

Date : 27th September, 2017
 Day : Wednesday
 Time : 1.00 p.m
 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 31st March, 2017, the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rishab Chhajjer (DIN – 05184646), 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 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, M/s. Arpit Patel & Associates, Chartered Accountants (Firm Registration No.144032W), be and are hereby appointed as Auditors of the Company to hold office for 5 years from the conclusion of this 33rd Annual General Meeting (AGM) till the conclusion of the 38th AGM of the Company to be held in the year 2022, at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 188, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Company do hereby accord its approval to the re-appointment of Mr. Rishab Chhajjer (DIN – 05184646) as Joint Managing Director of the Company, liable to retire by rotation, for a period of 3 years with effect from 13th February, 2017 to 12th February, 2020 on the terms and conditions and the remuneration (which have been approved by Nomination and Remuneration Committee) and that he be paid remuneration (even in the year of losses or inadequacy of profit) by way of Salary, perquisites and Commission not exceeding the amount thereof as set out in the Explanatory Statement which is permissible under Section II of Part II of Schedule V of the Companies Act, 2013.”

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

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

“RESOLVED THAT pursuant to the provisions of Section 188, 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Company do hereby accord its approval to the re-appointment of Mr. Ashok Chhajjer (DIN – 00280185) as Managing Director of the Company, liable to retire by rotation, for a period of 3 years with effect from 1st October, 2017 to 30th September, 2020 on the terms and conditions and the remuneration (which have been approved by Nomination and Remuneration Committee) and that he be paid remuneration (even in the year of losses or inadequacy of profit) by way of Salary, perquisites and Commission not exceeding the amount thereof as set out in the Explanatory Statement which is permissible under Section II of Part II of Schedule V of the Companies Act, 2013.”

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

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

“RESOLVED THAT pursuant to Section 94 and such other applicable provisions of the Companies Act, 2013(Act), and the relevant Rules, circulars and notifications made there under (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company, be and is hereby accorded to maintain the Register of Members together with the Index of members of the Company under section 88 of Act and copies of the Annual Returns under section 92 of the Act at the office premises of Link Intime India Private Limited, Registrar and Transfer Agent (RTA), 506-508 Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off C. G. Road, Ellisbridge, Navrangpura, Ahmedabad – 380 006, and such other places as the RTA, shift its office from time to time.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such things, deeds, matters and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto.”

Registered Office:

Plot No. 431, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721,
Dist:Gandhinagar.
Date : 20th July, 2017

By Order of the Board,

Ashok Chhajer
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 **8th September, 2017 to 27th September, 2017** (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 2016-17 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 and that of Central Depository Services (India) Limited ("CDSL"), www.cdslindia.com, www.evotingindia.com.

15. 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 Sunday, 24th September, 2017 and ends at 5:00 p.m. on Tuesday, 26th September, 2017**. 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. 20th September, 2017**, 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.
(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 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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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. Members who have not updated their PAN with the Company/Depository Participant are requested to use the ten digit sequence number which is printed on Postal Ballot / Address Slip. 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.
Dividend Bank Details OR Date of Birth (DOB)	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. 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).

- (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.
- (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 30th 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 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.
 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 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, under help section or write an email to 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 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.

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 33RD ANNUAL GENERAL MEETING DATED 20TH JULY, 2017.

In respect of Item No. 4 :

Shareholders may recall that in the 28th Annual General Meeting held on 27th September, 2012, Mr. Rishabh Chhajer was appointed as Managing Director of the Company for a period of five years from 13th February, 2012.

The Board of Directors, on the recommendation on Nomination and Remuneration Committee, in their meeting held on 13th February, 2017 have re-appointed Mr. Rishabh A. Chhajer as Joint Managing Director for a period of 3 years i.e. from 13th February, 2017 to 12th February, 2020.

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

I. PERIOD:

The term of the Joint Managing Director shall be for a period of 3 years from 13th February, 2017 to 12th February, 2020 (liable to retire by rotation).

II. REMUNERATION:

A. SALARY:

The Joint Managing Director shall be entitled to salary as under:

Period	Monthly Salary
From 13 th February, 2017 to 12 th February, 2018	₹ 1,00,000/-
From 13 th February, 2018 to 12 th February, 2019	₹ 1,25,000/-
From 13 th February, 2019 to 12 th February, 2020	₹ 1,50,000/-

The exact remuneration within this limit may be decided by the Board of Directors of the Company from time to time.

B. PERQUISITES:

1. Medical reimbursement:

Medical reimbursement expenses incurred for the Joint Managing Director and family subject to a ceiling of half months' salary per year or one and half months' salary over a period of three years.

2. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
3. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
4. Encashment of leave at the end of the tenure.
5. Free use of Company's car with driver for Company's business and free telephone facility at residence.
6. Leave Travel Concession for self and family at a rate not exceeding one month's salary for one year or three months' salary in a block of three years.

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

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

V. DUTIES:

Subject to the superintendence, direction and control of the Board of Directors of the Company, the Joint Managing Director shall be entrusted with substantial powers of management and also such

other duties and responsibilities as may be entrusted to him by the Board of Directors from time to time. The headquarter of the Joint Managing Director shall be at Santej/ Ahmedabad or at such place as the Board of Directors may decided from time to time.

VI. TERMINATION:

The Joint Managing Director may be removed from his office for gross negligence, breach of duty or trust if the Company in its General Meeting to that effect passes a special Resolution. The Managing Director may resign from his office by giving 30 days' notice to the Company.

VII. COMPENSATION:

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

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

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

Sr. No	Category	Name of Interested Director / KMP	Financial Interest	Non- Financial Interest
1.	Director	Mr. Rishab Chhajer	Relates to his re-appointment as Joint Managing Director, he may be deemed to be concerned or interested in the business	
2.	Key Managerial Personnel	Mr. Ashok Chhajer	Relates to re-appointment of Mr. Rishab Chhajer as Joint Managing Director, relative of KMP/MD and, therefore, he may be deemed to be concerned or interested in the business	
3.	Relative of Director	-	-	-
4.	Relative of Key Managerial Personnel		-	-

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

Sr. No	Particulars	Information
I	GENERAL INFORMATION	
1	Nature of industry	Manufacturer and exporter of PP/ HDPE coated woven products including Tarpaulin, Fabric and Sacks, FIBC Bags, etc
2	Date or expected date of commencement of commercial production	Existing
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4	Financial performance based on given indicators	₹ 98 Crores turnover (2016-17)

5	Exports performance and net foreign exchange collaborations	₹ 59.95 Crores (2016-17)
6	Foreign investments or collaborations, if any.	N.A.

II INFORMATION ABOUT THE APPOINTEE

1	Background details	He has a bachelors degree in industrial engineering from Purdue university, USA and has successfully completed a 10 day executive program - Next generation entrepreneurial leadership from IIM Ahmedabad.
2	Past remuneration	₹ 7.31 Lakh in 2016-17
3	Recognition or awards	-
4	Job profile and his suitability	5 years of experience in international sales, marketing and production management.
5	Remuneration proposed	As per the terms of the remuneration fixed during re-appointment as Joint Managing Director.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula.
7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel , if any	Mr. Rishab A. Chhajer is the Joint Managing Director of the Company.

III OTHER INFORMATION

1	Reasons of loss or inadequate profits	High Interest Cost High Market competition
2	Steps taken or proposed to be taken for improvement	Rationalisation of existing product Range and Opening new Markets
3	Expected increase in productivity and profits in measurable terms	Turnover expected to increase in future years

IV DISCLOSURES

1	The shareholders of the Company shall be informed of the remunerations package of the managerial person	The shareholders have been informed in the notice of 33 rd Annual General Meeting.
2	The following disclosure shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the annual report:	Yes
2(i)	All elements of remuneration package such as salary, benefits, bonuses, stock, stock options, pension, etc, of all the directors;	Mr. Ashok Chhajer, Managing Director is entitled to remuneration of ₹ 1 Lakh per month + perquisites No other Director except above is entitled for any remuneration.

2(ii) Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentives.
2(iii) Service contracts, notice period, severance fees;	90 days' Notice.
2(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable;	No stock options have been offered.

None of the Directors, Key Managerial Personnel or their relatives except Mr. Rishab Chhajer, and Mr. Ashok Chhajer 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.

In respect of Item No. 5:

Shareholders may recall that in the 30th Annual General Meeting held on 26th September, 2014, Mr. Ashok Chhajer was re-appointed as Managing Director of the Company for a period of three years from 1st October, 2014.

The Board of Directors, on the recommendation on Nomination and Remuneration Committee, in their meeting held on 20th July, 2017 have re-appointed Mr. Ashok Chhajer as Managing Director for a period of 3 years i.e. from 1st October, 2017 to 30th September, 2020.

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

I. PERIOD:

The term of the Managing Director shall be for a period of three years from 1st October, 2017 to 30th September, 2020

II. REMUNERATION:

A. SALARY:

The Managing Director shall be entitled to monthly salary of ` 2,00,000/- with an annual increase up to ` 1,00,000/-.

B. PERQUISITES:

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

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

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

V. DUTIES:

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

VI. TERMINATION:

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

VII. COMPENSATION:

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

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

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

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

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

Sr. No	Particulars	Information
I	GENERAL INFORMATION	
1	Nature of industry	Manufacturer and exporter of PP/ HDPE coated woven products including Tarpaulin, Fabric and Sacks, FIBC Bags, etc
2	Date or expected date of commencement of commercial production	Existing
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.

4	Financial performance based on given indicators	₹ 98 Crores turnover (2016-17)
5	Exports performance and net foreign exchange collaborations	₹ 59.95 Crores (2016-17)
6	Foreign investments or collaborations, if any.	N.A.

II INFORMATION ABOUT THE APPOINTEE

1	Background details	He is Bachelor of Commerce
2	Past remuneration	₹ 13.20 Lakh in 2016-17
3	Recognition or awards	-
4	Job profile and his suitability	31 Years experience in the field of Plastic Industries
5	Remuneration proposed	As per the terms of the remuneration fixed during re-appointment as Joint Managing Director.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w. r. t. the country of his origin.)	Remuneration is in commensurate with experience & qualifications. It is lower compared to industry standard formula
7	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Mr. Ashok Chhajer is the Managing Director of the Company

III OTHER INFORMATION

1	Reasons of loss or inadequate profits	High Interest Cost High Market competition
2	Steps taken or proposed to be taken for improvement	Rationalisation of existing product Range and Opening new Markets
3	Expected increase in productivity and profits in measurable terms	Turnover expected to increase in future years

IV DISCLOSURES

1	The shareholders of the Company shall be informed of the remunerations package of the managerial person	The shareholders have been informed in the notice of 33 rd Annual General Meeting.
2	The following disclosure shall be mentioned in the Board of Director's Report under the heading " Corporate Governance ", if any, attached to the annual report:-	Yes
2(i)	All elements of remuneration package such as salary, benefits, bonuses, stock, stock options, pension, etc. of all the directors;	Mr. Rishab Chhajer, Jt. Managing Director is entitled to remuneration of ₹ 1 Lakh per month + perquisites No other Director except above is entitled for any remuneration.
2(ii)	Details of fixed component and performance linked incentives along with the performance criteria;	No performance linked incentives.
2(iii)	Service contracts, notice period, severance fees	90 days' Notice.

2(iv) Stock option details, if any, and whether No stock options have been offered. the same has been issued at a discount as well as the period over which accrued and over which exercisable;

None of the Directors, Key Managerial Personnel or their relatives except Mr. Ashok Chhajer, and Mr. Rishab Chhajer 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.

In respect of Item No. 6:

As required under the provisions of Section 94 the Companies Act, 2013, certain documents such as the Register of Members, Index of Members and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the registered office is situated or any other place in India in which more than one-tenth of the total members entered in the register of members reside, if approved by a Special Resolution passed at a general meeting of the Company.

Accordingly, the approval of the members is sought in terms of Section 94(1) of the Companies Act, 2013, for keeping the aforementioned registers and documents at the office of the Registrar and Transfer Agent ("RTA"), viz. Link Intime India Private Limited, 506-508, Amarnath Business Centre-1 (ABC-1), Beside Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ahmedabad – 380 006, and such other places as the RTA, shift its office from time to time.

A copy of the proposed resolution is being forwarded in advance to the Registrar of Companies, Gujarat, Ahmedabad, as required under the said Section 94 (1) of the Companies Act, 2013.

The Directors recommend the said resolution proposed to be passed as Special Resolution by the members.

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

Registered Office:

Plot No. 431,
Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.
Date : 20th July, 2017

By Order of the Board,

Ashok Chhajer
Managing Director

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 33rd ANNUAL REPORT together with the Audited Financial Statements for the Financial Year 2016-17 ended on 31st March, 2017.

1. FINANCIAL RESULTS:

Particulars	2016-17	2015-16
	(` in lakh)	
Operating Profit (Before Interest & Depreciation)	706.95	802.93
Less : Financial Cost	327.59	422.28
Profit before Depreciation	379.36	380.65
Less : Depreciation	172.20	173.78
Profit before Tax	207.16	206.87
Less : Provision for current Tax (after MAT credit)	64.04	51.45
(Add)/ Less: Deferred Tax (Asset)/ Liability	(5.13)	21.57
Profit after tax	148.25	133.85
Add: Balance Brought Forward from Previous year	790.44	656.59
Balance carried to Balance Sheet	938.69	790.44

There are no material changes and commitment affecting the financial position of the Company which have occurred between 1st April, 2017 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 ` 101.63 Crores as compared to ` 121.13 Crores during 2015-16.

The Operating Profit (Before Interest and Depreciation) was ` 706.95 lakh during the year under review compared to ` 802.93 lakh during 2015-16. The Profit before Tax for the year under review was ` 207.16 lakh against ` 206.87 lakh during 2015-16. The Net Profit of the Company stood at ` 148.25 lakh compared to ` 133.85 lakh for the year 2015-16.

The Company has made export at FOB value of ` 59.95 Crores during the year under review compared to ` 59.76 Crores during 2015-16. 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 One Star 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. Rishab Chhajer (DIN: 05184646) 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 7 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 31st March, 2017 being end of the financial year 2016-17 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 2016-17	% increase over last year	Parameters	Median of Employees Remuneration	Ratio	Commission received from Holding/ Subsidiary
1.	Mr. Ashok Chhajer, Managing Director	13,20,000/-	-	-	98,880/-	13.35	N.A.
2.	Mr. Rishab Chhajer, Jt. Managing Director	7,30,715/-	10.71%	-	98,880/-	7.39	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.

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	10.71
3.	Mr. Raichand Golchha	CFO	-
4.	Ms. Anchal Bansal#	Company Secretary	N.A.

Appointed w.e.f. 3rd 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 One Hundred Fifteen. 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.

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**.

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.

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 2017-18.

19. GENERAL:

19.1. AUDITORS:

STATUTORY AUDITORS:

The present Auditors of the Company M/s. Kantilal Patel & Co, Chartered Accounts, Ahmedabad, will retire at the ensuing 33rd Annual General Meeting.

The remarks of Auditors are self explanatory and have been explained in Notes on Accounts.

In terms of Section 139 of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, the Board of Directors has recommended the appointment of M/s. Arpit Patel & Associates, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of the ensuing 33rd AGM till the conclusion of 38th AGM on remuneration to be decided by the Board or Committee thereof.

The Company has obtained consent from M/s. Arpit Patel & Associates (FRN: 144032W) to the effect that their appointment as Auditors of the Company for period of 5 years commencing from the Financial Year 2017-18 to 2021-22, if made, will be in accordance with the provisions of Section 139 and 141 of the Companies Act, 2013.

The Shareholders are requested to consider and approve the appointment of the Statutory Auditors of the Company.

19.2 INSURANCE:

The movable and immovable properties of the Company including plant and Machinery and stocks wherever necessary and to the extent required have been adequately insured against the risks of fire, riot, strike, malicious damage 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 GRATUITY:

The Company has entered in to an agreement with Life Insurance Corporation of India for covering its Gratuity Liability and has thus provided for the same. A Gratuity Trust Fund has been created with Life Insurance Corporation of India.

19.11 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 : 20th July, 2017

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:

	2016-17	2015-16
Total Foreign exchange earnings	₹ 59.95 Crore	₹ 59.76 Crore
Total Foreign Exchange expenditure	₹ 17.53 Lakh	₹ 5.69 Lakh

For and on behalf of the Board,

Place : Ahmedabad.
Date : 20th July, 2017

Rishab Chhajer
Joint Managing Director

Ashok Chhajer
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 31st March, 2017 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 31st March, 2017 and also on the date of this report:

Name of Directors	Category of Directorship	No. of other Director ships@	No. of Committee position in other companies**		No. of Board Meetings attended during 2016-17	Attendance at the AGM held on 27-09-2016 Yes(Y)/No(N)
			Member	Chairman		
Ashok Chhajer, Managing Director	Promoter-Executive	3	1	—	7	Y
Rishab Chhajer, Joint Managing Director	Promoter-Executive	—	—	—	7	Y
Kashyap R. Mehta	Independent Non-Executive	3	2	3	7	Y
Anilkumar Bhandari	Independent Non-Executive	—	—	—	7	Y
Swati S. Gupta	Independent Non Executive	—	—	—	7	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	Mr. Rishab Chhajer
Date of Birth	02-02-1958	14-10-1989
Date of Appointment	01-10-2004	13-02-2012
Qualifications	Commerce Graduate	Bachelors of Industrial Engineering
Expertise in specific functional areas	Management & Administration	Industrial Engineering and Business Administration
List of Public Limited Companies in which Directorships held	APA Finance Limited Indian Agrotech Limited Typhoon Financial Services Limited	NIL
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 Pvt Ltd Garima Properties Pvt Ltd	Garima Properties Pvt Ltd
Chairman/Member of the Committees of the Board of Directors of our Company	NIL	Member in Audit Committee, Stakeholders' Relationship Committee
Chairman/Member of the Committees of Directors of other Companies	Typhoon Financial Services Limited	NIL
Shareholding in the Company	13,92,000 Equity Shares of ` 10/- each	5,25,000 Equity Share of ` 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 2016-17 were held on 27th May, 2016, 3rd June, 2016, 20th July, 2016, 05th August, 2016, 12th August, 2016, 12th November, 2016 and 13th February, 2017.

d) Shareholding of Non- Executive Directors as on 31st March, 2017:

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

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 2016-17
Anilkumar Bhandari Chairman	Majority members are Non-executive Independent. 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 2016-17. The maximum gap between two meetings was not more than 120 days. The Committee met on 27th May, 2016, 12th August, 2016, 12th November, 2016 and 13th February, 2017. The necessary quorum was present for all Meetings. The Chairperson 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 2016-17
Anilkumar Bhandari, Chairman	All Committee members are Non executive 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, the meetings of the Committee were held on 3 rd June, 2016 and 13 th February, 2017 and all the members were present in the meeting.
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 Rs. 20.51 Lakh to Managing Director & Joint Managing Director during the year 2016-17.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.
3. No 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 31st March, 2017.

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 31st March, 2017.

Ms. Anchal 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
2013-14	26-09-2014	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar Special Resolution: 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. No Special Resolution was passed.
2015-16	27-09-2016	12.00 noon	Plot No. 431, Santej-Vadsar Road, Village: Santej, Taluka: Kalol – 382 721. Dist: Gandhinagar. Special Resolution: Authority to Board of Directors to make Investment under Section 186 of the Companies Act, 2013.

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 2016-17.

8. MEANS OF COMMUNICATION:

In compliance with the requirements of the 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.

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 31st March, 2017, 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 : Wednesday Date : 27 th September, 2017 Time : 1.00 p.m Venue : Plot No. 431, Santej - Vadsar Road, Village: Santej, Taluka : Kalol - 382 721, Dist : Gandhinagar.	
c)	Financial Calendar	1st Quarter Results Mid - September, 2017.* Half-yearly Results Mid - December, 2017.* 3rd Quarter Results Mid - February, 2018. Audited yearly Results End May, 2018. *Extended timeline for Ind AS implementation	
d)	Book Closure Dates	From : Friday, the 8 th September, 2017 To : Wednesday, the 27 th September, 2017 (Both days inclusive).	
e)	Dividend Payment Date	Not applicable.	
f)	Listing of Shares on Stock Exchanges	1. BSE Limited , Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. 2. Ahmedabad Stock Exchange Limited , Kamdhenu Complex, 1 st Floor, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380 015. The Company has paid the annual listing fees for the financial year 2017-18.	
g)	Stock Exchange Code	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 : Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company: Link Intime (India) Private Limited , 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ahmedabad - 380 006 Email: ahmedabad@linkintime.co.in		
i)	ISIN	INE372D01019	

- j) **Share Transfer System :**
The transfer of shares in physical form is processed and completed by 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, 2016	15.09	12.83	5079	25,606.62
May, 2016	18.90	15.70	23372	26,667.96
June, 2016	20.55	15.20	31371	26,999.72
July, 2016	22.10	18.85	29969	28,051.86
August, 2016	22.10	20.60	16290	28,452.17
September, 2016	22.10	22.10	5170	27,865.96
October, 2016	28.70	23.20	45897	27,930.21
November, 2016	28.65	19.25	25878	26,652.81
December, 2016	20.50	19.00	5350	26,626.46
January, 2017	24.50	19.85	9473	27,655.96
February, 2017	26.40	21.15	18671	28,743.32
March, 2017	28.45	21.10	30185	29,620.50

- l) **Distribution of Shareholding as on 31st March, 2017:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	4570	93.95	607331	12.42
501 to 1000	133	2.73	108249	2.21
1001 to 2000	78	1.60	114730	2.35
2001 to 3000	34	0.70	85557	1.75
3001 to 4000	9	0.19	32720	0.67
4001 to 5000	9	0.19	42280	0.87
5001 to 10000	12	0.25	83750	1.71
10001 & Above	19	0.39	3813683	78.02
Grand Total	4864	100.00	4888300	100.00

- m) **Category of Shareholders as on 31st March, 2017:**

Category	No. of Shares held	% of Shareholding
Promoters	3597990	86.98
Financial Institutions/Banks	—	—
Bodies Corporate	14472	0.34
NRIs, Clearing Members	8082	0.20
Publics	1267756	12.48
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:

Link Intime (India) Private Limited.

506-508, Amarnath Business Centre-1(ABC-1), Besides Gala Business Centre,
Near St. Xavier's College Corner, Off C. G. Road, Ahmedabad - 380 006.

Tele. No. :(079) 2646 5179

E-mail Address: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 80 % 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 2016-17 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.

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 2016-17 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 : 20th July, 2017.

Rishab Chhajer
Joint Managing Director

Ashok Chhajer
Managing Director

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 31st March, 2017.

For Gujarat Craft Industries Limited,

Raichand M. Golchha
CFO

Ashok Chhajer
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Gujarat Craft Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Gujarat Craft Industries Limited, for the year ended on 31st March, 2017 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. 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.

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 : 20th July, 2017

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

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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 **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 **31st March, 2017** 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 31st March, 2017 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, 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 (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 entered into by the Company with Stock Exchange.

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

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 duly passed Special Resolution under Section 186 of the Act at the Annual General Meeting held on 28th September, 2016 authorising Board of Directors of the Company to make investment upto Rs. 25 Crores and have complied with relevant provisions of the Companies Act, 2013 and rules made there under.

For PINAKIN SHAH & CO.
Company Secretaries

Place : Ahmedabad
Date : 20th July, 2017

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 processes 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 processes and practices, we followed 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. Where ever 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 management. Our examination was limited to the verification of procedures 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 : 20th July, 2017

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

Form No. MGT – 9

EXTRACT OF ANNUAL RETURN AS ON 31ST MARCH, 2017

[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 st 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	Link Intime (India) Private Limited, 506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad 380 006 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	26.50
2	Manufacture of fabric	14102	19.95
3	Manufacture of sacks	22203	53.56

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 st April, 2016				No. of Shares held as on 31 st March, 2017				% Change during 2016-17
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2996990	-	2996990	61.31	2996990	-	2996990	61.31	-
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	-	3597990	73.60	3597990	-	3597990	73.60	-

B. Public Shareholding									
1. Institutions									
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	15122	300	15422	0.32	14172	300	14472	0.30	(0.02)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individuals holding < = ` 1,00,000	419234	625300	1044534	21.37	396874	621000	1017874	20.82	(0.55)
ii) Individuals holding > ` 1,00,000	51735	130400	182135	3.73	87883	130400	218283	4.47	0.74
c) Others (specify)									
NRIs	1250	-	1250	0.02	1950	-	1950	0.04	0.02
HUF	45368	-	45368	0.93	31499	-	31499	0.64	(0.29)
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	1501	-	1501	0.03	6132	-	6132	0.13	0.10
Trusts	100	-	100	-	100	-	100	-	-
Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	534310	756000	1290310	26.40	538610	751700	1290310	26.40	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	534310	756000	1290310	26.40	534310	756000	1290310	26.40	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4132300	756000	4888300	100.00	4132300	756000	4888300	100.00	-

ii) Shareholding of Promoters:

Sr.	Shareholder's Name	Shareholding as on 01-04-2016			Shareholding as on 31-03-2017			% 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	-	-
	Total	3597990	73.60	-	3597990	73.60	-	-

iii) Change in Promoters' Shareholding:

There is no change in Promoters' Shareholding during the year 2016-17.

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 st April, 2016		Changes during the Year (decrease due to transfer)	Shareholding as on 31 st March, 2017	
		No. of shares	% of total shares		No. of shares	% of total shares
	Top 10 as on 1 st April, 2016					
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)	-	-
4	Satish Shamji Bheda	17735	0.36	(25)	17710	0.36
5	Jignesh B Shah HUF.	16841	0.34	(16841)	-	-
6	Ketan T Doshi	15000	0.31	-	15000	0.31
7	Ratanchand Chhajer & Sons HUF	11000	0.23	-	11000	0.23
8	Sunil Hashmukhlal Patel	10000	0.20	-	10000	0.20
9	Pushpa Kishor Parikh	9048	0.18	(9022)	26	-
10	Minakshi J Mehta	9000	0.18	-	9000	0.18

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 st April, 2016		Changes during the Year (No. of Shares)	Shareholding as on 31 st March, 2017	
		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
	Total	1917000	39.22	-	1917000	39.22

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

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A.	Indebtedness as on 1 st April, 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
B.	Change in Indebtedness during 2016-17				
	* Addition	-	-	-	-
	* Reduction	2,18,68,266	69,36,502	-	2,88,04,768
	Net Change	(2,18,68,266)	(69,36,502)	-	(2,88,04,768)
C.	Indebtedness as on 31 st March, 2017				
	i) Principal Amount	21,59,12,877	15,78,98,724	-	37,38,11,601
	ii) Interest due but not paid	6,56,248	-	-	6,56,248
	iii) Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	21,65,69,125	15,78,98,724	-	37,44,67,849

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 lakhs	` 7.31 lakhs
(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 lakhs	` 7.31 lakhs
	Ceiling as per the Companies Act	` 84.00 lakhs	` 84.00 lakhs

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 2016-17.

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	Ms. Anchal Bansal, Company Secretary
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹ 3,18,977/-	₹ 2,42,257/-
(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	₹ 3,18,977/-	₹ 2,42,257/-

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.

For and on behalf of the Board,

Place : Ahmedabad.
Date : 20th July, 2017.

Rishab Chhajer
Joint Managing Director

Ashok Chhajer
Managing Director

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 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 and presentation 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 the assets of the Company and for preventing and detecting 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 adequate 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 thereunder.

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 the 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 31 March 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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", a statement on the matters specified in the paragraph 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 Standards 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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company, refer to our separate report in "Annexure B"; and
- (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 litigation which would have impact on its financial position;
 - II. the Company did not have any long term contracts, including derivate contracts for which there were any material foreseeable losses.
 - III. During the year, the Company is not required to transfer any amount to the Investor Education and Protection Fund.
 - IV. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November, 2016 to 30 December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management (refer note 38).

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

[Gopal S. Baldi]
Partner

Membership No.: 125930

"Annexure A"

Place : Ahmedabad
Date : May 30, 2017

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, 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 ₹ 1,795 ('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 30, 2017

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

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 31 March 2017 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 ('ICAI'). 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 Companies Act, 2013.

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 Companies Act, 2013, 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 authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, to the best of our information and according to explanations given to us, 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 31 March 2017, 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
[Gopal S. Baldi]
Partner
Membership No.: 125930

Place : Ahmedabad
Date : May 30, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Notes	in ('000) 31 st March, 2017	in ('000) 31 st March, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	48,883	48,883
Reserves and Surplus	4	124,474	109,649
		173,357	158,532
Non-current liabilities			
Long-term borrowings	5	186,332	210,721
Deferred tax liability (net)	6	25,345	25,859
Long-term provisions	7	2,227	1,703
		213,904	238,283
Current Liabilities			
Short-term borrowings	8	160,782	166,442
Trade payables	9	211,252	189,957
Other current liabilities	10	73,393	44,073
Short-term provisions	7	4,553	4,206
		449,980	404,678
TOTAL		837,241	801,493
Assets			
Non-current assets			
Property, Plant and Equipment	11	205,842	214,619
Capital work-in-progress		-	695
		205,842	215,314
Non-current investments	12	380	380
Long-term loans and advances	13	7,356	9,356
Other non-current assets	14	3,271	246
		216,849	225,296
Current assets			
Inventories	15	228,742	174,489
Trade receivables	16	330,424	326,136
Cash and bank balances	17	13,656	13,755
Short-term loans and advances	13	23,530	21,859
Other current assets	14	24,040	39,958
		620,392	576,197
Total		837,241	801,493
Summary of significant accounting policies	2.1		

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

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

Gopal S. Baldi
Partner
Membership no.: 125930

Place : Ahmedabad
Date : 30th May, 2017

**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

Aanchal Bansal Company Secretary

Place : Ahmedabad
Date : 30th May, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Notes	` in ('000) 31 st March, 2017	` in ('000) 31 st March, 2016
Income			
Revenue from operations (gross)	18	1,016,348	1,211,324
Less: excise duty		<u>40,163</u>	<u>57,862</u>
Revenue from operations (net)		976,185	1,153,462
Other Income	19	<u>3,703</u>	<u>3,610</u>
Total revenue (I)		<u>979,888</u>	<u>1,157,072</u>
Expenses			
Cost of raw materials	20	754,437	757,724
Trading purchase		9,756	7,193
(Increase)/ decrease in inventories of finished goods, work-in-progress	21	(53,632)	129,052
Employee benefits expense	22	19,918	17,688
Other expenses	23	<u>178,714</u>	<u>165,122</u>
Total (II)		<u>909,193</u>	<u>1,076,779</u>
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		70,695	80,293
Depreciation and amortization expense	11	17,220	17,378
Finance costs	24	<u>32,759</u>	<u>42,228</u>
Profit before tax		20,716	20,687
Tax expenses			
Current tax		6,404	5,145
Deferred tax		<u>(513)</u>	<u>2,157</u>
Total tax expenses		<u>5,891</u>	<u>7,302</u>
Profit for the year		<u>14,825</u>	<u>13,385</u>
Earnings per equity share			
[nominal value of share ` 10 (31st March, 2016: ` 10)]			
Basic			
Computed on the basis of total profit for the year	25	3.03	2.74
Dilluted			
Computed on the basis of total profit for the year		3.03	2.74
Summary of significant accounting policies	2.1		

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

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

Gopal S. Baldi
Partner
Membership no.: 125930

Place : Ahmedabad
Date : 30th May, 2017

**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

Aanchal Bansal Company Secretary

Place : Ahmedabad
Date : 30th May, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	in ('000)	in ('000)
	31 st March, 2017	31 st March, 2016
Cash flow from operating activities		
Profit before tax from continuing operations	20,716	20,687
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operation	17,220	17,378
Provision for Employee Benefit	639	514
Loss on sale of assets	-	640
Bad debts / advances written off	2,635	69
Interest expense	32,759	42,228
Interest income	(744)	(1,135)
Operating profit before working capital changes	73,225	80,381
Movements in working capital		
Increase in trade payables	21,295	8,501
Increase/(decrease) in other current liabilities	29,320	5,306
Increase/(decrease) in short term provision	(107)	-
Decrease/(increase) in trade receivables	(4,288)	(46,382)
Decrease/(increase) in inventories	(54,253)	124,244
Decrease / (increase) in long-term loans and advances	(75)	(334)
Decrease / (increase) in short-term loans and advances	(1,671)	(2,436)
Decrease/(increase) in other current assets	15,918	(15,522)
Decrease / (increase) in other non-current assets	(3,025)	3,298
Cash generated from /(used in) operations	76,339	157,056
Direct taxes paid (net of refunds)	(6,626)	(3,484)
Net cash flow from/ (used in) operating activities (A)	69,713	153,572
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP	(7,748)	(6,133)
Sale proceed / capital subsidy of Fixed assets	-	108
Interest received	744	1,135
Net cash flow from/(used in) investing activities (B)	(7,004)	(4,890)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,000	417
Repayment of long-term borrowings	(25,389)	(108,145)
Proceeds from short-term borrowings	-	4,337
Repayment of short-term borrowings	(5,660)	-
Interest paid	(32,759)	(42,228)
Net cash flow from/(used in) in financing activities (C)	(62,808)	(145,619)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(99)	3,063
Cash and cash equivalents at the beginning of the year	13,755	10,692
Cash and cash equivalents at the end of the year	13,656	13,755
Components of cash and cash equivalents		
Cash on hand	550	955
Balance with banks	13,106	12,800
Total cash and cash equivalents (note 17)	13,656	13,755

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 : 30th May, 2017

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

Aanchal Bansal Company Secretary

Place : Ahmedabad

Date : 30th May, 2017

Notes to financial statements for the year ended 31st March 2017

1. Corporate information

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

2. Basis of preparation

The financial statements of 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 CA 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.

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

Subsequent expenditure related to an item of Property, Plant and Equipment 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 Property, Plant and Equipment, 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 Property, Plant and Equipment : Depreciation is provided based on useful life of the Property, Plant and Equipment 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 Property, Plant and Equipment :** 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.

I. Employee benefits

Short Term Employee Benefits:

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

Post-Employment Benefits :

(i) Defined Contribution Plans :

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

(ii) Defined Benefit Plans:

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

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

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

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

(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 31ST MARCH 2017

31st March, 2017 31st March, 2016
 ₹ in ('000) ₹ in ('000)

3. Share capital

Authorized share capital

50,00,000 (31 March, 2016: 50,00,000) equity shares of ₹ 10/- each 50,000 50,000

Issued, subscribed and fully paid-up share capital

48,88,300 (31 March, 2016: 48,88,300) equity shares of ₹ 10/- each 48,883 48,883

Total issued, subscribed and fully paid-up share capital **48,883** **48,883**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 st March, 2017		31 st March, 2016	
	Number	₹ in ('000)	Number	₹ in ('000)
At the beginning of the period	4,888,300	48,883	4,888,300	48,883
Issued during the period	-	-	-	-
Outstanding at the end of the period	<u>4,888,300</u>	<u>48,883</u>	<u>4,888,300</u>	<u>48,883</u>

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

	31 st March, 2017		31 st March, 2016	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ₹ 10 each fully paid				
Ashokkumar Chhajer	1,392,000	28.48%	1,392,000	28.48%
Rishab Chhajer	525,000	10.74%	525,000	10.74%
Sushma Chhajer	519,440	10.63%	519,440	10.63%
Ratanchand Ashokkumar HUF	415,800	8.51%	415,800	8.51%

31st March, 2017 31st March, 2016
 ₹ in ('000) ₹ in ('000)

4. Reserves and surplus

General reserve

Balance as per the last financial statements 430 430

Closing Balance 430 430

Security Premium Account

Balance as per the last financial statements 30,175 30,175

Closing Balance 30,175 30,175

Surplus in the statement of profit and loss

Balance as per last financial statements 79,044 65,659

Profit for the year 14,825 13,385

Net surplus in the statement of profit and loss 93,869 79,044

Total reserves and surplus **124,474** **109,649**

5. Long-term borrowings

	Non-current portion		Current maturities	
	31 st March, 17 in ('000)	31 st March, 16 in ('000)	31 st March, 17 in ('000)	31 st March, 16 in ('000)
Term loans				
Term Loan From State Bank of India (secured)	35,948	55,066	19,200	19,200
Against hypothecation of vehicle	328	769	419	733
Other loans				
Loans from director (unsecured)	24,689	23,689	-	-
Inter Corporate Loans (unsecured)	125,367	131,197	-	-
	186,332	210,721	19,619	19,933
The above amount includes				
Secured borrowings	36,276	55,835	19,619	19,933
Unsecured borrowings	150,056	154,886	-	-
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(19,619)	(19,933)
Net amount	186,332	210,721	-	-

Term loans from State Bank of India are taken during the financial year 2011-12 to 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) Other loans carry interest up to 8% p.a. and are repayable after 3-5 years from the date of receipt.

	31 st March, 2017 in ('000)	31 st March, 2016 in ('000)
6 Deferred tax Liability (net)		
Deferred tax liability		
Property, Plant and Equipment: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	26,446	26,275
Gross deferred tax liability	26,446	26,275
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,101	416
Others	-	-
Gross deferred tax asset	1,101	416
Net deferred tax liability	25,345	25,859

7. Provisions

	Long-term		Short-term	
	31 st March, 17 in ('000)	31 st March, 16 in ('000)	31 st March, 17 in ('000)	31 st March, 16 in ('000)
Provision for employee benefits				
Provision for gratuity (note 26)	1,851	1,550	320	364
Provision for compensated absences	376	153	92	40
	2,227	1,703	412	404
Other provisions				
Provision for Income tax (net of advance tax)	-	-	4,141	3,802
	-	-	4,141	3,802
	2,227	1,703	4,553	4,206

31st March, 2017 31st March, 2016
in ('000) in ('000)

8. Short-term borrowings

From Bank:

Cash credit / packing credit / S.L.C. (secured) **160,019** 161,157

Other loans

Inter Corporate Loans (unsecured) **763** 5,285

160,782 166,442

The above amount includes

Secured borrowings **160,019** 161,157

Unsecured borrowings **763** 5,285

Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building. The cash credit is repayable on demand and carries interest @ 12.60% p.a. (Also guaranteed by Managing Director)

9. Trade payables

Trade payables (note 32) **211,252** 189,957

211,252 189,957

10. Other current liabilities

Current maturities of long-term borrowings (Note:5) **19,619** 19,933

Statutory liabilities **10,032** 8,022

Advance received from customers **35,771** 10,383

Interest accrued and due on borrowings **7,734** 5,520

Payables on purchase of Property, Plant and Equipment **237** 215

73,393 44,073

11. Property, Plant and Equipment

in ('000)

	Land (Free Hold)	Factory Building	Plant and Machinery	Electrical Equipments	Office Equipments	Computers	Furniture & fixtures	Vehicles	Total
At 31st March 2016	2,285	79,121	206,587	7,401	4,182	879	811	13,003	314,269
Additions	-	-	5,574	1,625	149	134	26	935	8,443
Disposals	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-
At 31st March 2017	2,285	79,121	212,161	9,026	4,331	1,013	837	13,938	322,712
Depreciation									
At 31 st March 2016	-	19,460	65,408	4,867	2,904	721	461	5,829	99,650
Charge for the year	-	2,620	11,684	478	381	113	76	1,868	17,220
Disposals	-	-	-	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	22,080	77,092	5,345	3,285	834	537	7,697	116,870
Impairment loss									
At 31 st March 2016	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	-	-	-	-	-	-	-	-
Net Block									
At 31st March 2017	2,285	57,041	135,069	3,681	1,046	179	300	6,241	205,842
At 31 st March 2016	2,285	59,661	141,179	2,534	1,278	158	350	7,174	214,619

	31 st March, 2017 in ('000)	31 st March, 2016 in ('000)		
16. Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	124,748	70,615		
Doubtful	-	-		
(A)	124,748	70,615		
Other receivables				
Unsecured, considered good	205,676	255,521		
(B)	205,676	255,521		
Total (A + B)	330,424	326,136		
	Non-current	Current		
	31st March, 17 in ('000)	31st March, 16 in ('000)	31st March, 17 in ('000)	31st March, 16 in ('000)
17. Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	59	178
On deposit accounts (Margin Money Deposit)	-	-	5,962	3,204
Cash on hand	-	-	550	955
	-	-	6,571	4,337
Other bank balances				
Deposits with original maturity for more than 12 months	3,271	246	-	-
Deposits with original maturity for more than 3 months but less than 12 months (Margin Money Deposit)	-	-	7,085	9,418
	3,271	246	7,085	9,418
Amount disclosed under non-current assets (note 14)	-	-	-	-
	(3,271)	(246)	-	-
	-	-	13,656	13,755
Deposits given as security				
Fixed deposits with a carrying amount of ` 16,293 ('000) (31 March 2016: ` 12,868 '000)) are pledged with the Bank towards letter of credit and bank guarantee.				
			2016-17 in ('000)	2015-16 in ('000)
18. Revenue from operations				
Revenue from operations				
Sale of products				
Finished goods			948,175	1,128,137
Trading goods			10,126	8,350
Other operating revenue				
Scrap sales			16,125	21,108
Installation charges			-	11,863
Job work Income			3,689	8,898
Export benefits			38,233	32,968
Revenue from operations (gross)			1,016,348	1,211,324
Less: Excise duty #			40,163	57,862
Revenue from operations (net)			976,185	1,153,462
# Excise duty on sales amounting to ` 40,163 in ('000) (31 March 2016: ` 57,862 in ('000)) has been reduced from sales in profit & loss account.				
Details of products sold				
Finished goods sold				
Fabrics			189,136	172,869
Sacks			507,809	496,970
Tarpaulin			251,230	458,298
			948,175	1,128,137
Traded goods sold				
Granules			10,126	8,350
			10,126	8,350

	2016-17 in ('000)	2015-16 in ('000)
19. Other income		
Interest income		
Bank deposits	744	1,093
Others	-	43
Exchange rate differences (net)	<u>2,959</u>	<u>2,474</u>
	<u>3,703</u>	<u>3,610</u>
20. Cost of raw material consumed		
Inventory at the beginning of the year	22,143	16,845
Add: Purchases	<u>757,403</u>	<u>763,022</u>
	<u>779,546</u>	<u>779,867</u>
Less: inventory at the end of the year	<u>25,109</u>	<u>22,143</u>
Cost of raw materials consumed	<u>754,437</u>	<u>757,724</u>
Details of raw material consumed		
Fabric	2,014	2,005
Granules	652,315	627,556
Master batch and others	<u>100,108</u>	<u>128,163</u>
	<u>754,437</u>	<u>757,724</u>
Details of inventory		
Raw materials		
Granules	19,463	17,011
Master batch and others	<u>5,646</u>	<u>5,132</u>
	<u>25,109</u>	<u>22,143</u>
21. (Increase)/ decrease in inventories of finished goods, work-in-progress		
Inventories at the end of the year		
Work-in-progress	112,164	76,101
Finished goods	79,045	61,795
Waste	<u>1,381</u>	<u>1,062</u>
	<u>192,590</u>	<u>138,958</u>
Inventories at the beginning of the year		
Work-in-progress	76,101	103,373
Finished goods	61,795	163,999
Waste	<u>1,062</u>	<u>638</u>
	<u>138,958</u>	<u>268,010</u>
	<u>(53,632)</u>	<u>129,052</u>
Details of inventory		
Work-in-progress		
Tape	16,611	14,939
Fabric	93,092	59,213
Others	<u>2,461</u>	<u>1,949</u>
	<u>112,164</u>	<u>76,101</u>
Finished goods		
Sacks	18,758	16,491
Tarpaulin	<u>60,287</u>	<u>45,304</u>
	<u>79,045</u>	<u>61,795</u>

	2016-17 in ('000)	2015-16 in ('000)
22. Employee benefits expense		
Salaries, wages and bonus	17,989	15,655
Contribution to provident fund	955	979
Gratuity expense (note 26)	335	430
Leave Encashment Expense	304	84
Staff welfare expenses	335	540
	<u>19,918</u>	<u>17,688</u>
23. Other expenses		
Consumption of stores and spares	19,711	22,126
Labour & Process charges	30,285	29,869
Increase/(decrease) of excise duty on inventory	2,084	(11,413)
Power and fuel	59,929	62,639
Factory Rent	3,246	3,355
Freight and forwarding charges	37,830	36,238
Insurance	2,011	1,956
Repairs and maintenance		
Plant and machinery	389	1,568
Buildings	53	1,566
Others	663	743
Payment to auditor (Refer details below)	399	293
Loss on sale of assets	-	640
Bad debts/advances written off	2,635	69
Miscellaneous expenses	19,479	15,473
	<u>178,714</u>	<u>165,122</u>
Payment to auditor		
As auditor:		
Audit fee	155	140
Tax audit fee	106	96
Limited review & Certification	138	57
	<u>399</u>	<u>293</u>
24. Finance costs		
Interest cost:		
On Term Loan	3,357	7,989
On Cash Credit	11,273	14,608
To Others	14,520	16,431
Bank charges	3,609	3,200
	<u>32,759</u>	<u>42,228</u>
25. Earnings per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net profit for calculation of basic and diluted EPS in ('000)	14,825	13,385
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 `	3.03	2.74
Diluted EPS in `	3.03	2.74

26 Gratuity and other post-employment benefit plans

- a. The company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 955('000) (Year ended 31 March, 2016 ₹ 979('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	
	2016-17	2015-16
	₹ in ('000)	₹ in ('000)
Current service cost	344	325
Interest cost on benefit obligation	154	125
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(163)	(20)
Net benefit expense	335	430
Balance sheet	31st March, 2017	31st March, 2016
Benefit asset/liability		
Present value of defined benefit obligation	2,171	1,914
Fair value of plan assets	-	-
Present value of defined benefit obligation	2,171	1,914
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	1,914	1,563
Current service cost	344	325
Interest cost	154	125
Benefits paid	(78)	(79)
Actuarial (gains)/losses on obligation	(163)	(20)
Closing defined benefit obligation	2,171	1,914
The principal assumptions used in determining gratuity for the company's plans are shown below:		
Discount rate	7.39%	8.04%
Expected rate of return on assets	-	-
Salary Escalation Rate	6%	6%
Employee turnover	2 % p.a.	2 % p.a.

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

27. 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>	31st March, 2017 ` in (000)	31 st March, 2016 ` in (000)
Sales:		
India	364,793	543,338
Middle East	338,562	297,184
Africa	178,060	79,485
Europe	80,818	154,288
USA	51,798	22,999
Others	2,317	114,030
	<u>1,016,348</u>	<u>1,211,324</u>

Assets Located Outside India

Trade Receivables:

Europe	7,674	12,602
Middle East	52,749	52,159
Africa	81,464	50,870
USA	4,822	3,019
Others	5,950	2,162

28 Related party disclosures

Names of related parties and related party relationship

Key management personnel	Ashok Chhajer Rishab Chhajer Kashyap Mehta
--------------------------	--

Enterprises where Key Management Personnel has significant Influence

Typhoon Financial Serv. Ltd.	Worldwide Impex Pvt. Ltd.	APA Finance Ltd.
Technomod Prop. 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:

	2016-17 ` in (000)	2015-16 ` in (000)
a. Key managerial personnel Remuneration		
Mr. Ashok Chhajer, Managing director		
Salary & Allowances	1,320	1,320
Director Sitting Fees	-	-
Mr. Rishab Chhajer, Joint managing director		
Salary & Allowances	731	660
Director Sitting Fees	-	-
Total	<u>2,051</u>	<u>1,980</u>

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

	2016-17 ` in (000)	2015-16 ` in (000)
Receipt of Loans		
Mr. Ashok Chhajer, Managing Director	-	500
Mr. Rishab Chhajer, Joint Managing director	1,250	3,340
Re-payment of loans		
Mr. Ashok Chhajer, Managing director	(250)	(2,100)
Mr. Rishab Chhajer, Joint Managing director	-	(5,595)
Outstanding Payable as at the year end		
Mr. Ashok Chhajer, Managing director	23,394	23,644
Mr. Rishab Chhajer, Joint Managing director	1,295	45
Other transactions		
Mr. Kashyap Mehta, Director Professional Fees(*)	239	233
(* This amount include Service tax)		

b. Transactions With Enterprises where Key management personnel has significant Influence

Name of the Party	31 March, 2017			31 March, 2016		
	Loan Taken/ (Given)	Loan Repaid/ (Recovered)	Outstanding Balance	Loan Taken	Loan Repaid	Outstanding Balance
Typhoon Financial Serv. Ltd.	15,135	24,799	4,395	600	24,760	14,060
Worldwide Impex Pvt. Ltd.(*)	6,822	8,023	16,530	12,153	11,319	17,731
Apa Finance Ltd.	(450)	(450)	-	-	2,151	-
Indian Agrotech Ltd.	-	1,950	1,790	-	-	3,740

(* This amount include TDS paid on interest)

29 Capital and other commitments

Estimated amount of contract remaining to be executed in Capital Account (net of advances) not provided for ` 2,500 /- ('000) (P.Y. ` 1,050/-'000)).

30 DERIVATIVE INSTRUMENTS:

Foreign currency exposure that are not hedged by derivative instruments as on 31st March, 2017 US \$ 406/-'000) Equivalent to ` 26,321/-'000) (P.Y. \$ 819/-'000) Equivalent to ` 54,341/-'000))

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

32 a. 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, 2017. 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.

b. Trade payables includes acceptances of ` 30,618/-'000) (PY ` 54,600/-'000)).

33 a. 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.

b. Trade receivables includes ` 2,621/-'000) outstanding for more than one year. Management believes the same are fully recoverable and that no provision is required to be made there against.

	2016-17 ` in (000)	2015-16 ` in (000)		
34 Value of imports calculated on CIF basis				
Raw materials	156,037	47,971		
Components and spare parts	222	-		
	<u>156,259</u>	<u>47,971</u>		
35 Expenditure in foreign currency (accrual basis)				
Commission	-	-		
Travelling and conveyance	1,753	569		
	<u>1,753</u>	<u>569</u>		
36 Imported and indigenous raw materials and spare parts consumed				
	% of total consumption	Value ` in (000)	% of total consumption	Value ` in (000)
	2016-17	2016-17	2015-16	2015-16
Raw Materials				
Imported	18.62	140,503	5.72	43,320
Indigenously obtained	81.38	613,934	94.28	714,404
	<u>100.00</u>	<u>754,437</u>	<u>100.00</u>	<u>757,724</u>
Spare parts				
Imported	1.13	222	-	-
Indigenously obtained	98.87	19,489	100.00	22,126
	<u>100.00</u>	<u>19,711</u>	<u>100.00</u>	<u>22,126</u>
37 Earnings in foreign currency (accrual basis)	2016-17 ` in (000)	2015-16 ` in (000)		
Exports at F.O.B. Value	599,548	597,625		
	<u>599,548</u>	<u>597,625</u>		

38 Details of Specified Bank Notes (SBN) held & transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:

(` in '000)			
Particulars	SBNs	Other Denomination Notes	Total
Closing Cash on hand on 08.11.2016	-	502	502
(+) Permitted Receipts	-	479	479
(-) Permitted Payments	-	916	916
(-) Amount deposited in Banks	-	-	-
Closing Cash on hand on 30.12.2016	-	65	65

39 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 39 to the Financial Statements

<p>As per our report of even date For Kantilal Patel & Co. Chartered Accountants Firm registration number: 104744W</p> <p>Gopal S. Baldi Partner Membership no.: 125930</p> <p>Place : Ahmedabad Date : 30th May, 2017</p>	<p>For and on behalf of the Board of Directors of Gujarat Craft Industries Limited</p> <p>Ashok Chhajer Managing Director</p> <p>Rishab Chhajer Joint Managing Director</p> <p>Raichand Golchha Chief Financial Officer</p> <p>Aanchal Bansal Company Secretary</p> <p>Place : Ahmedabad Date : 30th May, 2017</p>
---	---

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 33rd Annual General Meeting of the Company, to be held on Wednesday, the 27th September, 2017 at 1.00 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
Ordinary Business			
1	Ordinary Resolution for adoption of the Audited Financial Statements of the Company for the financial year ended 31 st March, 2017, the reports of the Board of Directors and Auditors thereon.		
2	Ordinary Resolution for re-appointment of Mr. Rishab Chhajer, liable to retire by rotation and being eligible, offers himself for re-appointment.		
3	Ordinary Resolution for appointment of Statutory Auditors of the Company.		
Special Business			
4	Special Resolution for re-appointment of Mr. Rishab Chhajer as the Joint Managing Director of the Company for a period of three years		
5	Special Resolution for re-appointment of Mr. Ashok Chhajer as the Managing Director of the Company for a period of three years		
6	Special Resolution under Section 94 of the Companies Act, 2013 for authority to Link Intime India Private Limited (RTA) for maintaining Register of Members together with the Index of members of the Company and copies of Annual Returns.		

Signed this day of 2017
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 venue of 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 33 rd Annual General Meeting (AGM) of the Company to be held on Wednesday, 27 th September, 2017, 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
Ordinary Business				
1	Ordinary Resolution for adoption of the Audited Financial Statements of the Company for the financial year ended 31 st March, 2017, the reports of the Board of Directors and Auditors thereon.			
2	Ordinary Resolution for re-appointment of Mr. Rishab Chhajer, liable to retire by rotation and being eligible, offers himself for re-appointment.			
3	Ordinary Resolution for appointment of Statutory Auditors of the Company.			
Special Business				
4	Special Resolution for re-appointment of Mr. Rishab Chhajer as the Joint Managing Director of the Company for a period of three years			
5	Special Resolution for re-appointment of Mr. Ashok Chhajer as the Managing Director of the Company for a period of three years			
6	Special Resolution under Section 94 of the Companies Act, 2013 for authority to Link Intime India Private Limited (RTA) for maintaining Register of Members together with the Index of members of the Company and copies of Annual Returns.			

Place :

Date :

(Signature of the Shareholder/Proxy)

Note: This Form is to be used for exercising attendance/ voting at the time of 33rd Annual General Meeting to be held on Wednesday, the 27th September, 2017 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.