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**15th Annual Report  
2006-2007**

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## GUJARAT FOILS LIMITED

### BOARD OF DIRECTORS

Pramod Kumar Jain	Chairman & Managing Director
Nishikant Jain	Director
Shishir Garg	Director up to 30.04.07
Pramod H. Jain	Director
Parduman Kumar	Director w.e.f. 30.11.06

### AUDIT COMMITTEE

Pramod H. Jain	Chairman
Shishir Garg	Member upto 30.04.2007
Nishikant Jain	Member
Parduman Kumar	Member w.e.f. 30.11.2006

### AUDITORS

Khandhar & Parikh  
Chartered Accountants  
Ahmedabad

### BANKERS

Allahabad Bank

### REGISTERED OFFICE & WORKS

Plot No. 3436-3439,  
Chhatral GIDC, Phase-IV,  
Ta : Kalol, Dist. Gandhinagar (Gujarat)

### REGISTRAR & SHARES TRANSFER AGENTS

Intime Spectrum Registry Limited  
211, Sudarshan Complex,  
Nr. Mithakhali Under Bridge,  
Navrangpura, Ahmedabad - 380 009.  
TeleFax No. : 079 - 26465179  
Email:ahmedabad@intimespectrum.com

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**NOTICE**

**NOTICE** is hereby given that the 15th Annual General Meeting of the members of **GUJARAT FOILS LIMITED**, will be held on Friday, the 28th September, 2007 at the Registered office of the Company situated at Plot No. 3436-3439, Chhatral, G.I.D.C., Phase - IV, Ta: Kalol, Dist: Gandhinagar (Gujarat) at 11.00 a.m. to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Nishikant Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS :**

4. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**

“RESOLVED THAT Shri Parduman Kumar a Director appointed as an additional Director in the meeting of the Board of Directors and who holds office upto the date of ensuing Annual General Meeting and in respect of whom a notice u/s 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri Parduman Kumar as candidate for the office of Director of the Company be and is hereby appointed as Director of the Company liable to retire by rotation.”

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**

“RESOLVED THAT pursuant to the provisions of sections 269, 198, 309, 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the re-appointment of Shri Pramodkumar Jain, as Managing Director of the Company for a period of 5 years w.e.f. 31.08.2007 on the terms and conditions as set out in the explanatory statement be and is hereby approved, confirmed and ratified.”

“RESOLVED FURTHER THAT Shri Pramodkumar Jain shall not be liable to retire by rotation”

**Registered Office:**

Plot No. 3436-3439,  
Chhatral G.I.D.C., Phase-IV,  
Ta: Kalol, Dist: Gandhinagar (Gujarat)  
**Date:** 31st August, 2007

**By Order of the Board**

(Pramodkumar Jain)  
Chairman & Managing Director

**NOTES**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER  
THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members and Share Transfer Books will remain closed from 24th September, 2007 to 28th September, 2007 (both days inclusive) for the purpose of Annual General Meeting.
- (c) All correspondence relating to Change of Address & Shares of the Company may please be addressed to the Company's Registrar and Share Transfer Agent M/§. Intime Spectrum Registry Ltd. at 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Ahmedabad-380 009.
- (d) Members seeking further information about the Accounts and/or Operations of the Company, are requested to send their queries to the Company at its Registered Office atleast TEN days before the date of the Meeting.

**Registered Office:**

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**Date:** 31st August, 2007

**By Order of the Board**

(Pramodkumar Jain)  
Chairman & Managing Director


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

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to Special Business mentioned in the accompanying Notice and should be taken as forming part of the Notice.

**ITEM NO. 4**

The Board of Directors had appointed Shri Parduman Kumar as Additional Director of the Company with effect from 30th November, 2006 to hold the office upto the date of Annual General Meeting.

As required under section 257 of the Companies Act, 1956 notice has been received by the Company from a Member of the Company signifying his intention to propose Shri Parduman Kumar as the candidate for the office of Director of the Company. The Company has also received the deposits of Rs. 500/- from the said Member as required under the Act. The Board of Directors recommend his appointment as Directors.

None of the Director except Parduman Kumar is in any way concerned or interested in passing of the Resolution.

**ITEM NO. 5**

Shri Pramodkumar Jain is having marketing experience of 22 years in closure stock marketing which is a main product of our company. He is a veteran into the business of aluminium rolled products.

Looking to the experience of Shri Pramodkumar Jain and the future growth of the Company the Board at their meeting held on 31.08.2007 appointed Shri Pramodkumar Jain as Managing Director of the Company with substantial powers of Management subject to the superintendence, control and direction of the Board of Directors, the terms and conditions including the remuneration payable to him are as detailed below:

Tenure: Five years commencing from 31.08.2007

Salary :

**I. REMUNERATION**

Salary : Rs.20,000/- (Rupees Twenty Thousand) per month.

**II. PERQUISITES**

In addition to the above salary, Shri Pramodkumar Jain shall be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified above i.e. a sum of Rs.20,000/- (Rupees Twenty Thousand Only).

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- c) encashment of leave at the end of the tenure.

In addition to the above Shri Pramodkumar Jain shall be entitled to the following perquisites :

- i. Medical Benefits for self and family.
- ii. Leave travel concession for self and family once in a year.
- iii. Personal accident Insurance.
- iv. Fees of clubs subject to minimum two clubs.
- v. Children Education Allowance.
- vi. Provision of car for use and telephone at the residence of Managing Director.

For the purpose of the part of family means the spouse, dependent children and dependent parents of the Managing Director.

**III. COMMISSION :**

Subject to overall ceiling laid down in Section 198 and 309, the Managing Director shall also be paid a commission @1% of the net profit so as not to exceed the amount of salary and perquisites paid and computed as per Schedule III.

**IV. MINIMUM REMUNERATION**

Shri Pramodkumar Jain will be entitled to receive a salary and the perquisites referred to herein above as minimum remuneration in the absence of or inadequacy of profit in any financial year.

**V. Reimbursement of expenses actually and properly incurred in connection with the business of the company:**

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.

The Board of Directors recommend his appointment as the Managing Director liable to retire by rotation.

None of the Directors except Shri Pramodkumar Jain, is in any way concerned or interested in passing of the Resolution.

**ANNEXURE FORMING PART OF AGM NOTICE**
**PARTICULARS OF DIRECTORS SEEKING APPOINTMENT AT THE ENSUING 15TH ANNUAL GENERAL MEETING PURSUANT TO PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT:**

Shri Nishikant Jain is a commerce graduate and having wide experience in the industry. He is associated with the company since year 2000.

Shri Nishikant Jain is a member of Audit Committee of the Company.

Shri Nishikant Jain is not holding directorship and membership of committee in other companies.

**Registered Office:**

Plot No. 3436-3439,

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Ta: Kalol, Dist: Gandhinagar,

Date: 31st August, 2007.

**By Order of the Board**

**(Pramodkumar Jain)**  
**Chairman & Managing Director**



## DIRECTORS' REPORT

To,  
The Members,  
**GUJARAT FOILS LIMITED**  
Gandhinagar.

Your Directors have pleasure in presenting herewith their 15th Annual Report and together with the Audited Statements of Accounts of the Company for the year ended 31st March, 2007.

### FINANCIAL RESULTS

	2006-2007	(Rs. In lacs) 2005-2006
Sales & Other Income	9660.44	8777.51
Expenditure	9382.45	8601.77
<b>Profit/(Loss) before taxation &amp; Depreciation</b>	<b>277.99</b>	<b>175.74</b>
Depreciation	79.67	40.11
Provision for taxation	26.30	12.50
Deferred Tax	40.99	43.55
Fringe Benefit Tax	0.62	1.21
Profit for the year	<u>130.41</u>	<u>78.37</u>
Profit Brought Forward	<u>130.41</u>	<u>78.37</u>

### DIVIDEND

Looking at the ongoing development and working capital requirements and further to conserve resources, your Directors express their inability to declare any dividend.

### PRESENT OPERATIONS & FUTURE PROSPECTS

The Company's operations were satisfactory during the year under review. The sales of the Company was Rs. 9640.57 Lacs in comparison to the previous year of Rs. 8776.70 Lacs. The Profit for the year amounted to Rs. 130.41 Lacs as compared to Rs. 78.37 Lacs of that of the previous financial year. The Profitability has been largely effected by heavy cost of raw material and increased financial charges as compared to that of the previous financial year. Your directors are hopeful to achieve better results in future.

### FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public in terms of section 58A & 58AA of the Companies Act, 1956.

### PARTICULARS OF CONSERVATION OF ENERGY ETC.

The statement of particulars with respect to conservation of energy, technology absorption and Foreign Exchange earning and outgo pursuant to section 217(1)(e) of the Companies Act, 1956 read with The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed herewith as Annexure A which forms part of this report.

### PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company, since none of the employees of the Company was in receipt of total remuneration of Rs.24,00,000/- p.a. or Rs.2,00,000/- p.m. during the financial year under review.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 (the Act) and the Company's Articles of Association, Shri Pramodkumar H. Jain, Director of the Company, retires from the Board by rotation and being eligible offers himself for re election.

The Board of Directors had appointed Shri Parduman Kumar as additional Director of the Company with effect from 30th November, 2006 to hold the office upto the date of Annual General Meeting. Your Directors recommend his reappointment as a director.





The Board of Directors had reappointed Shri Pramod Kumar Jain as Managing Directors of the Company with effect from 31-08-2007. Your Directors recommend his reappointment as Managing Director.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of Companies Act, 1956 your Directors confirm:-

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there is no material departures from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) that they taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on the going concern basis.

#### **AUDIT COMMITTEE**

In terms of provisions of section 292A of the Companies Act, 1956 & Clause 49 of the Listing Agreement executed with the Exchanges, your Company has constituted the Audit Committee of the Board of Directors. Details of the Committee is given in Annual Report on Corporate Governance.

#### **LISTING**

The shares of the Company are listed at Bombay Stock Exchange Ltd. The Company has paid Listing fees to the Bombay Stock Exchange Limited for the year 2007-08.

#### **AUDITORS AND THEIR REPORT**

M/s. Khandhar & Parikh, Chartered Accountants Auditors, of the Company hold office upto the date of Annual General Meeting. The Company has received Certificate under section 224(1)(B) of the Companies Act, 1956 from M/s. Khandhar & Parikh, Chartered Accountants signifying that the appointment, if made, at the ensuing Annual General Meeting, will be within the limits specified. Your Directors recommend to re-appoint and fix the remuneration of Auditors.

With regard to Note No. 4(f) of the Auditors report for non-provision in respect of interest and other charges payable to GIDC, attention of members is drawn to Note No. 7 Schedule 12 of the Balance Sheet as on 31st March, 2007. In view of position narrated in the said Note, no provision is required to be made at present.

#### **INDUSTRIAL RELATIONS**

The industrial relations with employees remained cordial through out the year. Your Directors wish to place on record their appreciation of the devoted services rendered by the workers, staff and employees of the Company.

#### **APPRECIATION**

Your Directors wish to thank the Company's valued customers and various department of Central & State Government, Local Authorities, Banks, devoted staff and other business associates for continued support to the Company's growth and looking to their continued support in the future.

The Directors also express their gratitude to the members for the confidence reposed in the management.

#### **Registered Office:**

Plot No. 3436-3439,  
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 Ta: Kalol, Dist: Gandhinagar,  
 Date: 31st August, 2007

**By Order of the Board**

**(Pramodkumar Jain)**  
**Chairman & Managing Director**



## ANNEXURE TO THE DIRECTORS REPORT

Particulars pursuant to section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Directors' Report) Rules, 1988:

**A. CONSERVATION OF ENERGY****1) Energy Conservation measures taken**

The Company has formed a strong technical department headed by a senior personnel to continuously monitor energy consumption and plan and execute energy conservation schemes. Effective measures are being taken for overall technological upgradation of plant and machinery.

**2) Total energy consumption and energy consumption per unit of production****FORM 'A'**

A) POWER AND FUEL CONSUMPTION	2006-2007	2005-2006
1) Electricity		
a) Purchased		
Unit	1681048	1416888
Total Amount (Rupees)	1535797	9649734
Rate/Unit (Rupees)	0.91	5.21
b) Own Generation		
1) through Diesel Generator Unit	NIL	NIL
Unit per Ltr.of Diesel Oil		
2) Through Steam Turbine Generation		
Units		
Units per Lt.of Fuel/Oil/Gas Cost/	NIL	NIL
2) Coal (Specify Quality and where used)	NIL	NIL
Qty. (M.T.) Lignite		
Total Cost (Rs.)		
Avg.Rate (Rs.)		
Cost of Consumption per unit of Production (M.T.)		
3) Furnace Oil	NIL	NIL
Qty. (K.Ltrs.)		
Total Amount		
Avg.Rate (Rs.)		
4) Others/Internal Generation	NIL	NIL
(Please give details)		
Qty.		
Total Cost		
Rate/Unit		

**B) TECHNOLOGY ABSORPTION :****a) Research and Development**

i) Specific areas in which R & D carried out by the Company:

Your Company continue to test and work with technologies and engage in Research & Development program. Efforts of the Company are directed towards quality control and improvement of in-house expertise.

ii) Benefits derived as a result of the above R & D: The above R&D activities have resulted in improvement of product quality and cost effectiveness.

**b) Technology Absorption and innovation:**

The Company has been putting emphasis to train its technical personnel by way of providing training to them for the latest technology available. It has resulted in a better quality of product which has been brought to the International Standard, besides improving the productivity and reducing the wastages.

**C. FOREIGN EXCHANGE EARNINGS / OUTGO**

Particulars	2006-2007	2005-2006
Foreign Exchange Earned :	Nil	Nil
Export of Goods on FOB Basis	Nil	Nil
Foreign Exchange Used :	Nil	Nil
Foreign Travailing		
Bank Charges		
Membership & Subscription		
Finished Goods Purchased		
Telephone Expenses		

On behalf of the Board

(Prmodkumar Jain)

Chairman & Managing Director

Place : Ahmedabad

Date : 31st August, 2007



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under clause 49 of the Listing Agreement the Management Discussion & Analysis report is given below:-

### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is carrying on the business of manufacturing and trading of aluminum foils & strips. Manufacturing unit is situated at GIDC Chhatral. Your Company has a branch at Delhi for trading of the products of the Company. Performance of your company is encouraging since last three financial years.

As you are aware the Company had installed an electric wind power generator no. NEG - MICON type NM 54/950 comprising WEC Micro Wind Power at Surajbari Site, Kutch District, Gujarat for captive consumption of power generated by it.

### OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS

As far as the future outlook is concerned, the company is expected to increase the scope of the business in the future, considering the fact that industrial growth picks up. The company is developing business activities for manufacturing the better products for industrial use which over a period of time shall have potential to be profitable. The Company is also exploring the much thrust area of Exports.

As regard threats & risk is a concern the increasing cost of raw material, change in government policy, bearish market in the beginning of the year effected the performance of the Company.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to maintaining high standards of internal controls designed to provide accuracy of information, efficiency of operations, and security of assets. The company has adequate internal controls commensurate with the size and nature of its operations to ensure orderly and efficient conduct of business.

These controls ensure the safeguarding of assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records, timely preparation of reliable financial information and adherence to companies policies, procedures and legal obligations. The audit committee of the Board of Directors meets periodically to review the performance as reported by the auditors.

### FINANCIAL PERFORMANCE

Your Company performs better since last four financial years. Company's turnover for the Financial year 2006-2007 is Rs. 888.30 Lacs. The net profit for the Financial Year under review is Rs. 130.41 Lacs. However the profitability has been increased less as compared to the turnover which was largely due to heavy cost of raw material and increased financial cost as compared to the financial year 2005-2006.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT

There has been no material development on the Human Resource/Industrial Relations Front during the year.

### CAUTIONARY STATEMENT

Management Discussion and Analysis report are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a deference to the Company's operation include global and Indian market conditions, changes in the Government Regulations, Tax regimes, WTO Regulations and such other factor.

The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis, of any subsequent developments, information or events.