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**16th Annual Report
2007-2008**



GUJARAT FOILS LIMITED

BOARD OF DIRECTORS

Abhay N. Lodha	Chairman w.e.f. 14.07.08
Vimal Kumar Somani	Director w.e.f. 14.07.08
Pradeep J. Saxena	Director w.e.f. 14.07.08
G. N. Shah	Director w.e.f. 08.08.08
Pramod Kumar Jain	Director
Parmod H. Jain	Director
Parduman Kumar	Director up to 14.07.08
Nishikant Jain	Director up to 08.08.08

AUDIT COMMITTEE

G. N. Shah	Chairman w.e.f. 08.08.08
Vimal Kumar Somani	Member w.e.f. 14.07.08
Pradeep J. Saxena	Member w.e.f. 14.07.08
Parmod H. Jain	Chairman upto 08.08.08
Nishikant Jain	Member upto 14.07.08
Parduman Kumar	Member up to 14.07.08

AUDITORS

Khandhar & Parikh
Chartered Accountants
Ahmedabad

BANKERS

1. Allahabad Bank
2. Oriental Bank of Commerce,
Mumbai Overseas Branch, Nariman Point, Mumbai.

REGISTERED OFFICE
& WORKS

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

CORPORATE OFFICE

308, CEEJAY HOUSE
DR. ANNIE BESANT ROAD, MUMBAI- 400018
Ph. +91-22-24812000
Contact Person : Mr. Vimal Kumar Somani
E Mail: vimalsomani@topworthgroup.com
Web: www.topworthgroup.com

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 16th Annual General Meeting of the members of **GUJARAT FOILS LIMITED**, will be held on Tuesday, the 30th September, 2008 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 3.00 p.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 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 Pramodkumar H. Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification the following as an ordinary resolution:-
"RESOLVED THAT M/s. H. R. Agarwal & Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the ensuing Annual General Meeting at the remuneration to be decided by M/s. H. R. Agarwal & Associates, and the Board of Directors."

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 Abhay N. Lodha, 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 Abhay N. Lodha 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 an **ORDINARY RESOLUTION**
"RESOLVED THAT Shri Vimal Kumar Somani, 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 Vimal Kumar Somani 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."
6. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**
"RESOLVED THAT Shri Pradeep J. Saxena, 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 Pradeep J. Saxena 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."
7. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**
"RESOLVED THAT Shri G. N. Shah, 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 G. N. Shah 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."
8. 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 appointment of Shri Vimal Kumar Somani, as Managing Director and Chief Executive Office of the Company for a period of 5 years w.e.f. 30.09.2008 on the terms and conditions as set out in the explanatory statement be and is hereby approved, confirmed and ratified."
"RESOLVED FURTHER THAT Shri Vimal Kumar Somani 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: 8th August, 2008

By Order of the Board

(Abhay Lodha)
 Chairman


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, 2008 to 30th September, 2008 (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/s. 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.

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 Abhay N. Lodha as Additional Director of the Company with effect from 14th July, 2008 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 Abhay N. Lodha 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 Director.

None of the Director except Shri Abhay N. Lodha is in any way concerned or interested in passing of the Resolution.

ITEM NO. 5

The Board of Directors had appointed Shri Vimalkumar Somani as Additional Director of the Company with effect from 14th July, 2008 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 Vimalkumar Somani 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 Director.

None of the Director except Shri Vimalkumar Somani is in any way concerned or interested in passing of the Resolution.

ITEM NO. 6

The Board of Directors had appointed Shri Pradeep J. Saxena as Additional Director of the Company with effect from 14th July, 2008 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 Pradeep J. Saxena 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 Director.

None of the Director except Shri Pradeep J. Saxena is in any way concerned or interested in passing of the Resolution.

ITEM NO. 7

The Board of Directors had appointed Shri G. N. Shah as Additional Director of the Company with effect from 8th August, 2008 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 G. N. Shah 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 Director.

None of the Director except Shri G. N. Shah is in any way concerned or interested in passing of the Resolution.

**ITEM NO. 8**

Shri Vimalkumar Somani is a Chartered Accountant by profession and a natural leader and professional with over seventeen years of business experience specifically in the field of Projects, Finance, Commerce, International Marketing, H.R. and Strategy. He is a pragmatic entrepreneur, who has mastered business benchmarking and has successfully implemented modern management system for growth of organization, he has to his credit, putting up Aluminum Foil Plant and Aluminium Alloy Wheel Plant of Hindalco at Silvassa, managing and developing a mega international steel acquisition, developing and building an Aluminium Business, waste energy project, strategizing the acquisition bidding of Mega Hotel Projects into India, representing Board of International Trading Company in Germany and have worked in various global assignments. He has widely traveled globally and has been closely working with large international house for various business development projects.

Looking at the experience of Shri Vimalkumar Somani and the future growth of the Company the Board at their meeting held on 08.08.2008 has decided to appoint Shri Vimalkumar Somani as Managing Director and Chief Executive Officer 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 30.09.2008

Salary :

I. REMUNERATION

Salary : Rs.20000/- (Rupees Twenty Thousand Only) per month.

II. PERQUISITES

In addition to the above salary, Shri Vimalkumar Somani 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. 20000/- (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 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 Vimalkumar Somani 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 above 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 Vimalkumar Somani will be entitled to receive a salary and the perquisites referred to herein above as minimum remuneration in 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.

GUJARAT
FOILS LIMITED



The Board of Directors recommend his appointment as the Managing Director and Chief Executive Officer not liable to retire by rotation.

None of the Directors except Shri Vimal Kumar Somani, is in any way concerned or interested in passing of the Resolution.

Registered Office:

Plot No. 3436-3439,
Chhatral G.I.D.C., Phase-IV,
Ta: Kalol, Dist: Gandhinagar (Gujarat)
Date: 8th August, 2008

By Order of the Board

(Abhay Lodha)
Chairman

ANNEXURE FORMING PART OF AGM NOTICE

PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE ENSUING 16TH ANNUAL GENERAL MEETING PURSUANT TO PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT:

Name of director	Shri Parmod H. Jain	Shri Abhay Lodha	Shri Vimal Kumar Somani	Shri Pradeep Saxena	Shri G. N. Shah
Date of Birth	12.08.1947	01.06.1971	06.06.1965	03.03.1948	03.01.1941
Date of initial appointment	16.04.2003	14.07.2008	14.07.2008	14.07.2008	08.08.2008
Qualification	Commerce Graduate	Commerce Graduate	Chartered Accountant	M.M.S.	B.E.
Expertise in specific functional area	Management	Management	Management	Management	Technical and Management
No. of shares held in the company	Nil	669342	37830	Nil	Nil
List of other companies in which holds Directorship as on 31.03.2008	Nil	Nil	Nil	Nil	-
Chairmanship/ membership of committee of Director of the company	Chairman – Audit Committee upto 08.08.08	Nil	Member – Audit Committee	Member – Audit Committee	Chairman – Audit Committee w.e.f. 08.08.08
Chairmanship/ membership of committee of Director of other company	Nil	Nil	Nil	Nil	-

Registered Office:

Plot No. 3436-3439,
Chhatral G.I.D.C., Phase-IV,
Ta: Kalol, Dist: Gandhinagar (Gujarat)
Date: 8th August, 2008

By Order of the Board

(Abhay Lodha)
Chairman



DIRECTORS' REPORT

To,
The Members
GUJARAT FOILS LIMITED
Gandhinagar.

Your Directors have pleasure in presenting herewith their 16th Annual Report together with the Audited Statements of Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	2007-2008	(Rs. In lacs) 2006-2007
Sales	9237.39	9640.57
Expenditure	8084.05	8605.04
Profit/(Loss) before taxation & Depreciation	313.97	278.00
Depreciation	83.92	79.67
Provision for taxation	92.00	26.30
Deferred Tax	(10.50)	41.00
Fringe Benefit Tax	1.03	0.62
Profit for the year	<u>147.52</u>	<u>130.41</u>
Loss on Sale of Investments	<u>25.86</u>	<u>0.00</u>
Profit Brought Forward	<u>121.66</u>	<u>130.41</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

The company's operations were satisfactory during the year under review. The sales of the company ended to Rs 9237.39 lacs in comparison to the previous year of Rs 9640.57 lacs. The sales were less as company had to undertake some modification in plant for debottlenecking to improve productivity and additional products and the effect of such improvements will be reflected in year 2008-2009. Further the company was able to improve its net profit margins from 1.47% in 2006-2007 to 1.75% in 2007-2008. However due to one time loss on sale of investment, the absolute profit was Rs 121.26 lacs in year under review against profit of Rs 130.41 lacs in 2006-2007. Your directors are confident of achieving better results in future.

FUTURE PROSPECTS

The Company has also embarked on an expansion programme at its recently acquired Kalol facility for aluminium strips and foil (20,000 TPA) in Gandhinagar District of Gujarat. The expansion is to be implemented in two phases at an estimated cost of Rs. 1,250 Million funded through proceeds from equity and debt. Mott Macdonald, Secunderabad is the project consultant while technical consultancy is provided by in-house team alongwith German Experts. Lagan Consultants, Mumbai is the engineering and design consultant. Achenbach Buschhütten GmbH, Germany is supplying the state of art foil rolling mill for Phase – I while suppliers for continuous caster and strip rolling mill for Phase – II are yet to be finalised. As of July 2008, preliminary works have been initiated. The Phase – I is slated for completion by the second half of 2009 and the Phase – II by the first quarter of 2010.

The Company has already received the foil mill from Achenbach, Germany and the project work is in progress. The Company has already invested Rs. 14 crores towards future expansion till date.

TAKEOVER

With a view to expand and reorient the business of the company Shri Abhay Lodha and his associates had entered into an agreement with the existing promoters of the company to acquire a substantial stake in the company by acquisition of 14, 57,982 equity shares from the existing promoters as well as by acquiring 32, 63,140 equity shares forfeited earlier by the board. This takeover will provide strategic direction and immense business growth opportunities to the Company and its stakeholders. Consequent upon this a public offer for acquisition of shares as per the Securities and



Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 was also made and the Board of Directors has also been reconstituted. After the completion of the takeover formalities, accordingly Mr. Abhay Lodha will become Chairman of the Company while Mr. Vimal Kumar Somani, one of the Promoter of Abhay Lodha Group and its Associates will lead the Company as Managing Director. Further, Mr. Pramod Jain will no more be the Promoter and the new Promoter will try to utilise the capacity and benefit of Mr. Pramod Jain as a part of reoriented business and Mr. Pramod Jain's knowledge and past strength will be utilised in its professional capacity by the new Promoters.

As a part of the takeover process and after obtaining necessary approvals and completion of other formalities 32,63,140 equity shares were re-allotted on 27.08.2008 to Shri Abhay Lodha and his associates. This preferential allotment amounts to 39.79% of the issued and subscribed equity share capital of the Company. Out of these shares, 16,40,374 shares are subject to lock in period of three years and the balance shares are subject to a lock in period of one year from the date of allotment. The company is also approaching the Bombay Stock Exchange for listing of these forfeited shares.

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 Abhay N. Lodha, Shri Vimal Kumar Somani and Shri Pradeep Saxena as Additional Directors of the Company with effect from 14th July, 2008 and Shri G. N. Shah as Additional Director of the Company with effect from 8th August, 2008 to hold the office upto the date of Annual General Meeting. Your Directors recommend their reappointment as directors.

During the year Shri Praduman Kumar and Shri Nishikant Jain, Directors of the Company has resigned from the office of the Director w.e.f. 14th July, 2008 and 8th August, 2008 respectively. The Board express their gratitude towards the services rendered by them during the tenure of their services.

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 in corporate Governance.



LISTING

The shares of the Company are listed at Bombay Stock Exchange Ltd. The Company has paid Listing fees to the Stock Exchange for the year 2008-09.

AUDITORS AND THEIR REPORT

M/s Khandhar & Parikh, Chartered Accounts, Statutory Auditors of the Company, has expressed their unwillingness to be re-appointed as auditors on their retirement at forthcoming Annual General Meeting.

The Board therefore recommends the appointment of M/s H. R. Agarwal & Associates, Chartered Accounts as auditors of the company from the conclusion of the forthcoming Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be decided by M/s. H. R. Agarwal & Associates and Board of Directors. M/s H. R. Agarwal & Associates have also confirmed to the company that, if appointed as an auditors of the company, their appointment will be in accordance with the provisions of the Company.

With regard to Note No. 4(f) of the Auditors report for non-provision in respect of interest and other charges payable to GIDC in respect of Plot No. 3440 & 3441. Attention of members is drawn to Note No. 7 Schedule 12 of the Balance Sheet as on 31st March, 2008. In view of position narrated in the said Note, Plot No. 3440-3441 have been re-possessed by GIDC and have been auctioned. The Management of the company is of the opinion that as the Plots have been auctioned at the prevailing market rate and the amount received by GIDC should be sufficient to settle the dues with interest, if any.

However, since the company has not received any information/clarification/demand relating to the said plots the final entry in the account shall be duly recorded on the date of receipt of information / demand.

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,
Chhatral G.I.D.C., Phase-IV,
Ta: Kalol, Dist: Gandhinagar,
Date: 8th August, 2008

By Order of the Board

(Abhay Lodha)
Chairman