



22nd
ANNUAL
REPORT
2013-14



Corporate Information

BOARD OF DIRECTORS

Mr. Abhay Lodha
Executive Chairman & Managing Director (upto 31.07.2014)
Non Executive, Chairman (w.e.f.01.08.2014)

Mr. Prasenjit P. Datta
Executive, Whole Time Director

Mr. Kanchan Murarka
Non-Executive, Non-Independent Director

Mr. Satish Chandra Gupta
Non-Executive, Independent Director

Mr. Sanjiv Goel
Non-Executive, Non-Independent Director (upto 31.08.2013)

Mr. Surender Kumar Tuteja
Non-Executive, Independent Director

Mr. Rahul B. Chhajed
Non-Executive, Independent Director

Mr. Viresh Mathur
Non-Executive, Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Amit Kumar Gupta (upto 31.05.2014)
Ms. Nikita Pedhdiya (w.e.f 01.06.2014)

AUDITORS

H.R.AGARWAL & ASSOCIATES
Chartered Accountants
Kolkata

BANKERS

Allahabad Bank
Oriental Bank of Commerce
State Bank of India
Dena Bank
IDBI Bank
Union Bank of India
Bank of India

REGISTERED OFFICE

Plot no 3436-3439, Chhatral, G.I.D.C.,
Phase IV, Taluka-Kalol,
Dist-Gandhinagar, Gujarat-382729
Tel: +91-2764-233656
Fax: +91-2764-233657

CORPORATE OFFICE:

Indiabulls Finance Centre, Tower 3
16th Floor, 1601, Senapati Bapat Marg,
Elphinstone Road (West), Mumbai- 400013
Tel:+91-22-71500500
Fax: +91-22-71500520
Email: secretarial@topworthgroup.com
Website: www.gujaratfoils.com

REGISTRAR AND SHARE TRANSFER AGENTS:

Link Intime India Private Limited
303 , 3rd Floor, Shoppers Plaza-V,
Opp. Municipal Market,
Off. C. G. Road, Navrangpura
Ahmedabad- 380009
Tel:+91-79-26465179
Fax: +91-79-26465179
Email: ahmedabad@linkintime.co.in

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Chairman's Letter to Shareholders



Dear Shareholders,

During the year, having consolidated and positioned ourselves on the growth path in our industry, we at Gujarat Foils Limited placed a lot of focus on augmenting our capabilities. We have streamlined & consolidated our customer base, aligned our resources towards the most productive areas and honed our marketing serviceability approach. I feel proud to see that this has yielded positive returns in terms of the strategic progress we have made, especially in the midst of acute global economic uncertainty. The world economy has struggled during the year, most emerging markets and developing economies have shown moderate growth, whereas the developed economies have moved on divergent paths. The Indian economy has slowed down in the last 12 months and some of the sectors including the metal industries have been faced with demand slowdown that is unlikely to turnaround quickly. However, we are confident that we are on the right path and with the impending economic reform your company will sustain the growth.

During the year, the gross revenue of your company has reached to ₹ 448.55 crore from ₹ 361.86 crore of the previous year, a healthy increase of 24%. A healthy 52.6% increase in Profit After Tax (PAT) during the F.Y. 2013 - 2014 has been reported with respect to F.Y. 2012 - 2013. This has been achieved mainly on account of increase in production volumes across various product ranges and rationalization of the product mix.

Your company is delighted to inform you that at our Chhatral plant, we have successfully commissioned Swiss Make ON LINE VISCOSITY Controller at our VMCH Coating Machine. The operating parameters of the system had been standardized in very short period of time. Further to implementation of Integrated Management System to cover ISO 9001 : 2008, ISO 14001 : 2004, OHSAS 18001 : 2007 under one umbrella during previous year, this year your company had been accredited with prestigious Good Manufacturing Practice Certification (GMP) with reference to ISO 15378 : 2011 by BSCIC. Further we had been able to maintain the certification from prestigious U.S.F.D.A. This enables your company to provide packaging materials to Indian as well as Multi National pharmaceutical companies for their final products. In this short span of time your company has been certified as vendors to the top pharmaceutical companies in India. We have also broken through in to the top five aluminum based packaging companies in the country.

With a view to enhance Shareholder's value, we have forayed in to technological upgrades in our foil mill & conversion plant, which has resulted us in form of improvement in quality & productivity from the plant. This had in turn helped us to have better reach to our customers.

Today your company is enjoying the status of being one among the preferred suppliers to pharma companies because of our orientation towards customer service & product quality. Today the barrier properties of foil produced by your company is rated to be one among the best in the country. This has been made possible with the technological innovation which has been made in the Achenbach Mill, VMCH Coating & Heat & Press Lamination Machines.

Your company's sheet business has been able to consolidate our reach to Southern & Western regions of the country with value added sheet products. Our product had been established & acceptable in this region within a very small period due to its quality & reliability which is manifested in the customer's profile of your company.

For the future, your company is looking actively at expansion in the aluminum foil plant after the successful commissioning of the projects at Chhatral. We are looking to establish ourselves as a prime manufacturer, providing all kind of packaging solutions. We also understand the need for backward integration of our facilities and we are actively evaluating the possibilities of such projects.

Consumer Products Business division has shown very good growth. Nutriwrap as a brand has strengthened itself among the top brands with national footprint. The division has maximised growth vide improvements in distribution penetration across town classes. Product portfolio has been enhanced. The base building work done provides a good platform for performance in the immediate future.

We, in this short period of time, has been able to put together a dedicated team of professionals at Gujarat Foils Limited. We are strong believers of value proposition and the requirements of Human Resource, which add comprehensively to the total reserve of the Company.

I would like to take this opportunity to express my gratitude to the Board of Directors, Bankers, Employee's, Vendors & Shareholders for their continued support and the confidence reposed on us.

Warm Regards,

Abhay Lodha

Chairman

DIN-00052194

Mumbai, 12th August, 2014

Directors' Report

To,
The Shareholders,
Your Directors have pleasure in presenting to you this 22nd Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31st March, 2014.

Financial Results

Your Company's financial performance during the year has been encouraging and summarised below:

(₹ In Lacs)

Particulars	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Gross Income from Operations	44,855.30	36,186.10
Less: Excise Duty	1,863.15	1,752.91
Net Income from Operations	42,992.15	34,433.19
Profit before Depreciation, Finance cost and Taxation	5,010.19	4,237.74
Less: Depreciation and Amortisation	1,114.37	1,112.01
Profit before Finance cost and Taxation	3,895.83	3,125.73
Less: Finance Cost	2,609.04	2,309.00
Profit before Taxation	1286.79	816.73
Tax Expense		
- Current Tax	290.00	164.00
- Deferred Tax	76.20	48.22
- Earlier Years	-	0.86
Profit after Taxation	920.59	603.65

Review of Operations

During the year under review, the Company's Net Income from operations stood at ₹ 42,992.15 Lacs as compared to ₹ 34,433.19 Lacs in the previous year, thereby registering a growth of about 24.86%. Profit before finance cost and taxation for the year under review stood at ₹ 3,895.83 Lacs against ₹ 3,125.73 Lacs in the previous year, thereby registering a growth of about 24.64 %. Profit after Tax registered a growth of about 52.50 % and increased from ₹ 603.65 Lacs to ₹ 920.59 Lacs.

Dividend

Keeping in mind the capital requirement for future growth of the Company and to conserve higher resources for operations of the Company, your Directors have not recommended any dividend for the Financial Year ended 31st March, 2014.

Share Capital

During the Financial Year under review, the Authorized Share Capital of the Company was re-classified as ₹ 500,000,000/- (Rupees Fifty Crores Only) divided into 2,50,00,000 (Two Crores Fifty Lakh) Equity Shares of ₹10/-(Rupees Ten Only) each and 2,50,00,000 (Two Crores Fifty Lakh) Preference Shares of ₹10/-(Rupees Ten Only) each.

The Company allotted 250,00,000 10% Non-Convertible, Non- Cumulative, Redeemable Preference Shares of face value of ₹10/- at a premium of ₹ 10/- each

Public Deposits

During the year under review, the Company has not accepted/renewed any deposits from the public or its employees within the meaning of Section 58A and 58AA of the Companies Act, 1956.



Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Annual Report.

Directors

Mr. Kanchan Murarka, Director (DIN 00058823) of the company retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

With the implementation of New Companies Act, 2013, all the Independent Directors shall be re-appointed as Independent Director pursuant to the provisions of Section 149 and Section 152 of the Companies Act, 2013.

Mr. Surendra Kumar Tuteja has expressed his unwillingness to be re-appointed as Independent Directors of the Company and seeks retirement at ensuing Annual General Meeting.

Mr. Satish Chandra Gupta, and Mr. Rahul Chhajed are proposed to be appointed as Independent Directors of the Company under the Companies Act, 2013 to hold office for 2 (Two) consecutive years for a term upto 31st March, 2016, not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Brief resume of the Directors proposed to be appointed / re-appointed as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the notice convening this Annual General Meeting.

The above appointments/re-appointments form part of the notice convening the Annual General Meeting and the resolutions are recommended for your approval.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, your directors state that:

- a. the preparation of the annual accounts for the year ended 31st March, 2014, the applicable Accounting Standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same.
- b. the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2014 and of the profit of the Company for the year ended as on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

Auditors

M/s H.R. Agarwal & Associates, Chartered Accountants, the Statutory Auditors of the Company, (having Firm Registration No. 323029E) hold office upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013.

Your Directors recommend their appointment as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting upto the conclusion of the 27th Annual General Meeting of the Company held thereafter (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) to audit financial accounts for the financial year ending on 31st March, 2015.

Auditors' Observations

Observations of the Auditors, read together with the relevant Notes to the Accounts and Accounting Policies are self explanatory.

Cost Auditor

Pursuant to Section 233B (2) of the Companies Act, 1956, the Board of Directors on the recommendation of the Audit Committee had appointed M/s S K Agarwal & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2013-2014 and necessary approval from Central Government was also received by the Company.

M/s. S K Agarwal & Associates, Cost Accountants, have confirmed that their appointment, is within the limits of section 224 (1B) of the Companies Act, 1956 and have also certified that they are free from any disqualifications specified under Section 233B (5) read with Section 224 (3) and Section 226 (4) of the Companies Act, 1956.

Subsidiary Companies

The Company does not have any subsidiary Company.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a detailed report on Corporate Governance duly certified regarding compliances of its conditions by the Statutory Auditors M/s H.R. Agarwal & Associates, Chartered Accountants, is forming part of this Annual Report and separately attached.

E-Voting facility to Members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 22nd Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Securities (India) Limited (CDSL).

Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

Personnel

The employer employee relations remained cordial throughout the year. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels of the organization.

During the year under consideration, there were no employees, whose particulars are required to be furnished under the provisions of Section 217(2A) of the Companies Acts 1956 read with the rules thereunder.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in Annexure "A" to this report.

Acknowledgments

Your Directors wish to express their sincere gratitude to the Union Government and the Government of various States, as also to all the Government agencies, Banks, Financial Institutions, Customers, Vendors and other related organizations, who, through their continued support and cooperation, have contributed towards the Company's growth and progress during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for Investors, Shareholders and Employees of the Company for their continued support towards conduct and operations of the Company.

For and on behalf of the Board

Place:- Mumbai
Date:- 12th August, 2014

Abhay Lodha
Chairman
DIN 00052194



Annexure “A” to the Report of the Directors

Particulars as per the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Year ended 31st March 2014.

A. Conservation of Energy:

The Company has a strong commitment towards energy conservation for the benefit of the nation and itself. Efforts to optimize process parameters, modernize & upgrade technology as well as equipments, with the objective of increasing energy productivity are continuous and ongoing. Company ensures optimization of resources and is committed to control wastages and avoid air and water pollution.

It is a fact that conventional source of energy is limited in this universe. In the context it is prime responsibility of all of us to ensure optimum utilisation of energy. There are two fold benefits by ensuring the same:

- Every unit of power saved is equivalent to same quantity of power generated without any additional cost & without generating Green House Gases.
- Such savings helps us in reducing our cost of production.

Following actions had been initiated to have continuous mapping on consumptions during the F.Y. 2013 – 2014:

- Your company is continuously monitoring machine wise power consumptions in all the processes. This type of monitoring is helping us to identify machine wise power consumption in form of KWH / MT or NM3 / MT processed from individual machine centres further enabling us to find out product wise energy consumption. Increased energy consumption / MT of processed material will clearly indicate us about the health of equipment at very beginning stage. The same can be corrected at appropriate time before machines goes on breakdown.
- Your company feels proud to announce that we at GFL continued to take Credits from UGVCL for consistently maintaining our power factor up to 0.97. We also feel proud to announce that your company had taken the credit from UGVCL amounting ₹ 3,49,634/- in F.Y. 2013 – 2014 on account of maintaining power factor consistently as per the set out regulation.

Form ‘A’

A) Power and Fuel Consumption	UOM	2013-2014	2012-2013
1) Electricity			
a) Purchased			
Unit	(KWh)	6,196,120	6,215,360
Total Cost	(₹ in Lacs)	472.20	458.87
Cost / Unit	(₹)	7.62	7.39
b) Own Generation			
i) Through Diesel Generator Unit			
Unit	(Ltr.)	600	NIL
Total Cost	(₹ in Lacs)	0.35	NIL
Cost / Unit	(₹)	58.13	NIL
ii) Through Steam Turbine Generation Units		NIL	NIL
iii) Through Wind Mill			
Unit	(KWh)	940,578	605,485
Total Cost	(₹ in Lacs)	66.38	42.38
Cost / Unit	(₹)	7.05	6.99

A) Power and Fuel Consumption	UOM	2013-2014	2012-2013
2) Coal			
Quantity	Tones	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Average Rate	(₹)	NIL	NIL
3) Furnace Oil			
Quantity	K. Ltrs	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Average Rate	(₹)	NIL	NIL
4) Others/Internal Generation			
Quantity	K. Ltrs	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Rate/ Unit	(₹)	NIL	NIL

B. Technology Absorption, Research & Development and resultant benefits:

Your Company believes in continual improvement through up-gradation of technology and adoption of latest manufacturing techniques. In the process, your Company constantly upgrades / refurbishes its equipment's to offer best quality products and minimize operating cost to improve the productivity & profitability. Its processes at State of Art Conversion Facility had been successfully stabilized and as a result of this the Company had been successfully able to keep most of key Indian Pharma companies in its fold.

It is a fact that high speed foil rolling operations are very prone to fire hazards. However the Company could stabilize the process parameters in such a way, that we did not encounter even a single instances of fire at our rolling operations. To achieve this milestone your company had taken following corrective actions:

- o Implementation of additional Heat Exchanger in rolling oil circulation system.
- o Fundamental redesigning in the Achenbach Mill.
- o Introduction of Low Voltage, High resolution Audio / Video Camera surveillance system.

As a result of various technological up-gradations, various direct Pharma customers has been added by the Company during the Financial Year 2013-14.

C. Foreign Exchange Earnings & Outgo

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Foreign exchange earned	286.76	692.91
CIF value of imports	433.85	1182.81
Expenditure in foreign currency	--	8.58



Management Discussion and Analysis

INDUSTRY STRUCTURE & DEVELOPMENTS

Globally, aluminium is going through a difficult phase. But, the aluminium market in India is still growing at a rate of 9 to 10% over the last five years and it is going to remain so in the near future 41% of aluminium consumption in India goes to electrification and India still has loads of infrastructural opportunities with the rural sector being still unelectrified. This will help the aluminium sector grow in double digits from 9 to 10%. Two things would definitely boost the aluminium industry in India: firstly, the electrification and infrastructural sector and secondly, investment on the downstream sector. India has a very low per capita consumption of aluminium with just 2.2 kg against the global average of 9.2 kgs. When we invest in the downstream capacity it will definitely help to raise the per capita consumption to a considerable range

The aluminium industry has a bright future as it can become one of the largest players in the global aluminium market as in India the consumptions are fairly low as compared to developed countries. However, India has the fifth largest bauxite reserves with deposits of about 3 bn tones or 5% of world deposits. India's share in world aluminium capacity rests at about 3% only.

Further, as we are aware that Aluminium Rolled Products i.e. "SHEET & FOIL" are commonly used by Pharma Industry, Food & Beverage Industry, Liquor Industry for packaging. It is important to note that Indian pharma Market is expected to grow at 12% during the F.Y. 2014 – 2015 & now India is among top 5 emerging pharma markets in the world.

According to the Indian Institute of Packaging (IIP), the turnover of the Indian packaging industry is likely to touch USD 43.7 billion by 2016, from USD 27.6 billion in 2012. India's per capita consumption of packaging is only 4.3 kg per person per annum (approx), as against Germany's 42 kg and China's 20 kg and is thus very low compared to the global standards. From the report it is evident that Indian pharma market will continue to register a strong double digit growth rate till 2020 & onwards.

Consumer Products Business Division (CPB) caters to household and HORECA food packing opportunities. With growing user base for household use and HORECA use this branded category is growing at about 15 % per annum.

OPPORTUNITIES & THREATS

Opportunity

The young population, urbanization, international exposure to the current people, environmental rules and regulations, nuclear family concepts, huge demand for improved hygiene levels, huge growth in retail markets, provides huge opportunities to scale up this business and industry will see huge multiple growth in years to come.

The Indian Pharma Companies, with the faster commercialisation of product filings due to Generic Drug User Fee Act implementation, will be able to launch their products quickly as a result of shorter approval time. With this Indian pharma companies will be pushing their products aggressively in regulated markets. With this aggressive approach, pharma industry is expected to do much better than anticipated resulting in further improvement in prospects of pharma packaging industry.

In a difficult economy & competitive market place, GFL had established & positioned itself very quickly in the market. The positioning of GFL is evident from its direct pharma company client list. Today GFL is perceived as one of the leading supplier of aluminium packaging material to the pharma industry. State of Art Foil Rolling & Converting facility under one roof with strong technical team to provide after sales service gives GFL edge over its competitors in the market.

CPB category is showing good improvement in penetration across town classes. Modern trade outlets are also catalysing growth in urban towns. Distribution improvement, sales team footprint enhancement and consumer promotions to boost shelf off take are key to maximise from the available opportunity.

Threats

With the Foil Industry showing signs of growth, number of new entrants already there and will be further coming in this sector. Cheap import from China after withdrawal of anti dumping duty resulting in cost competition in the Indian Market. Supplies of good quality foil stock & its pricing in local market is also a major area of concern. The Company has to cope-up with these threats through a combination of cost leadership, adopting technological innovations to improve productivity & cost reduction in processes / engineering and sales management expertise. As regards CPB, given good growth and geographic spread of the market, the unorganised sector has become quite active across regions. They operate with low volumes with limited geographic presence at lower rates. Creating end user sensitivity to quality is key to attending this threat. Also players are increasing in the SRC market leading to increased competition in this low margin – high volume category.