



 **GUJARAT FOILS LTD.**



**23<sup>rd</sup> ANNUAL REPORT 2014-15**



## Corporate Information

### BOARD OF DIRECTORS

Mr. Abhay Lodha  
Chairman, Non-Executive Director  
(w.e.f. 01.08.2014)

Mr. Prasenjit P. Datta  
Executive, Whole Time Director

Mr. Satish Chandra Gupta  
Non-Executive, Independent Director

Mr. Rahul B. Chhajed  
Non-Executive, Independent Director  
(upto 11.08.2015)

Mr. Viresh Mathur  
Non-Executive, Independent Director

Ms. Ankita Singh  
Non-Executive, Independent Director  
(w.e.f. 04.02.2015)

Mr. Jagannath Pandharinath Dange  
Non-Executive, Independent Director  
(w.e.f. 05.03.2015)

Mr. Surender Kumar Tuteja  
Non-Executive, Independent Director  
(upto 29.09.2014)

Mr. Kanchan Murarka  
Non-Executive Director  
(upto 24.11.2014)

### COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Nikita Pedhdiya (upto 14.10.2014)  
Mr. Dipesh U. Gosar (w.e.f. 11.11.2014)

### 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  
CIN: L28999GJ1992PLC018570

### CORPORATE OFFICE:

Indiabulls Finance Centre, Tower 3  
16<sup>th</sup> Floor, 1601, Senapati Bapat Marg,  
Elphinstone Road (West),  
Mumbai- 400013  
Tel: +91-22-71500500  
Fax: +91-22-71500520  
Email: [secretarial@topworthgroup.com](mailto:secretarial@topworthgroup.com)  
Website: [www.gujaratfoils.com](http://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: +91-079-26465179  
Fax: +91-079-26465179  
Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

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## Chairman's Letter to Shareholders



Dear Shareholders,

It gives me great pleasure to share with you the Company's financial performance for the financial year ended March 31, 2015. The Board of Directors of your Company has approved the results for this period and I wish to share some of its key highlights with you.

### Financial Highlights

- ❖ Revenue was Rs. 487.76 Crores as against Rs. 429.92 Crores for the previous year, a growth of around 13.45%
- ❖ EBITDA was Rs. 57.41 Crores
- ❖ Profit after tax was Rs. 6.72 Crores

### Operational Highlights

- ❖ Highest and best ever productivity from Achenbach Foil Mill & H & P Laminator
- ❖ Highest ever printing production from Printing Department
- ❖ Best ever recovery at Printing Section.
- ❖ Highest dispatch from Conversion Plant
- ❖ Developed High Heat Resistant Printing on Aluminum Foil
- ❖ Developed both Side-printed and One-side Registered foil
- ❖ Developed Communication foil as an anti-counterfeiting activity

### Business Highlights

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 achieved the operational highlights with a strategic focus to shift the business from bare foil to converted foil for better value addition with focus on maximum loading of printed products. Volume and demand is picking up from pharma customers in value added products, i.e., printed foils. Further, we have streamlined and consolidated our customer base 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, which has equally affected the Indian economy and some of the sectors including the metal industries have been faced with demand slowdown that is unlikely to turnaround quickly.

Your Company is delighted to inform you that at our Chhatral plant, we had successfully completed recertification process of Integrated Management System to cover ISO 9001, ISO 14001, OHSAS 18001 from BSCIC. Accreditation of prestigious Good Manufacturing Practice Certification (GMP) with reference to ISO 15378 : 2011 by BSCIC and certification from prestigious U.S.F.D.A has been maintained successfully. 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 and now broken through in to the top five aluminum based packaging companies in the country. This is no mean task given the exceptional tailor made requirements of customers in the foil packaging business.

Last year due to heavy rainfall in Chhatral, the plant had to be shut down due to flooding for 72 hours. I take pride in saying that due to the massive efforts by the GFL team, the plant operations were restored in seven days and normalcy prevailed and work began in full swing.

Last year we also ventured into a new activity in the consumer segment and commenced manufacturing of Semi-Rigid Containers, which are used mostly by restaurants to supply packaged food to cater to the orders from households. NUTRIWRAP continues to be one of the leading brands in the country today.

Today your Company is enjoying the status of being one among the preferred suppliers to pharma companies because of our orientation towards customer service and product quality. We are confident that we are on the right path and with the impending economic reform your Company will sustain the growth.

For the future, your Company is looking actively at expansion in the aluminum foil plant after the successful commissioning of the projects at Chhatral and Bhiwandi. We are looking to establish ourselves as a prime manufacturer, providing end to end packaging solutions. We also understand the need for backward integration of our facilities and our present activities include preparation feasibility studies for large scale expansion in these areas. As of now we are actively approaching government authorities for allotment of suitable land for the proposed expansion projects.

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

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

Warm Regards,

**Abhay Lodha**  
Chairman  
DIN: 00052194

Mumbai, 11<sup>th</sup> August, 2015

## Directors' Report

To,  
The Shareholders,

Your Directors have pleasure in presenting to you this 23<sup>rd</sup> Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS:

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

(Rs. In Lacs)

Particulars	Year Ended 31 <sup>st</sup> March, 2015	Year Ended 31 <sup>st</sup> March, 2014
Gross Income from Operations	50,735.07	44,788.69
Less: Excise Duty	2,078.48	1,863.15
Net Income from Operations	48,656.59	42,925.54
Profit before Depreciation, Finance cost and Taxation	5,740.51	5,010.19
Less: Depreciation and Amortization	894.43	1,114.37
Profit before Finance cost and Taxation	4,846.08	3,895.83
Less: Finance Cost	3,423.77	2,609.04
Profit before Taxation	1,422.31	1,286.79
Tax Expense		
- Current Tax	304.80	290.00
- Deferred Tax	445.62	76.20
- Earlier Years	-	-
Profit after Taxation	671.89	920.59

### REVIEW OF OPERATIONS/STATE OF COMPANY'S AFFAIRS:

During the year under review, the Company's Net Income from operations stood at Rs.48,656.59 Lacs as compared to Rs. 42,925.54 Lacs in the previous year, thereby registering a growth of about 13%. Earnings before interest, depreciation, tax & amortization for the year under review stood at Rs.5,740.51 Lacs against Rs.5,010.19 Lacs in the previous year, thereby registering a growth of about 15%. Profit before Tax registered a growth of about 11% and increased from Rs.1,286.79 Lacs to Rs.1,422.31 Lacs.

The Pharma Foils & Food Packaging (FMCG) operations are working on optimum level. The Company commenced commercial operations of Semi-Rigid Containers (SRC) in November 2014, the same is expected to be streamlined and stabilized by the next financial year.

### DIVIDEND:

Keeping in mind the Long Term 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 31<sup>st</sup> March, 2015.

### TRANSFER TO RESERVES:

The Board has decided to retain Rs. 6,71,88,885/- in Profit and loss accounts and further, Company has proposed not to transfer any amount to General Reserves.

**NO MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT.**

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186:-

No Loans, Guarantees and Investments covered under section 186 of the Companies Act, 2013 are outstanding as at 31<sup>st</sup> March 2015.



### **PUBLIC DEPOSITS:**

During the year under review, the Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at <http://www.gujaratfoils.com/investors>. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

No Related Party Transactions were entered during the year under review by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

### **SUBSIDIARY COMPANY:**

The Company does not have any subsidiary company.

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

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- (a.) In the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2015, the applicable accounting standards have been followed and there are no material departures;
- (b.) They have 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 the end of the financial year as on 31<sup>st</sup> March, 2015 and of the profit of the Company for that period;
- (c.) They have taken proper and sufficient care for the 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 fraud and other irregularities;
- (d.) They have prepared the annual accounts on a going concern basis;
- (e.) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- (f.) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **INTERNAL FINANCIAL CONTROLS:**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory, Cost and Secretarial Auditors and the reviews performed by management and the relevant Board committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial controls were adequate and effective during the financial year 2014-15.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Mr. Abhay Lodha (DIN: 00052194), Chairman & Managing Director of the Company has resigned from the post of Managing Director w.e.f. 1<sup>st</sup> August, 2014 and act as a Non-Executive Chairman on the Board. He is also liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Mr. Surendra Kumar Tuteja (DIN: 00594076) has retired in last 21<sup>st</sup> Annual General Meeting held on 29<sup>th</sup> September, 2014. The Members have approved his retirement.

Mr. Kanchan Murarka, Director (DIN:00058823), has resigned from the directorship of the Company due to his pre-occupation w.e.f. 24<sup>th</sup> November 2014. The Board placed on record his invaluable contribution to the deliberations, advice and guidance given by him during his tenure as Director.

Pursuant to the provisions of Section 149 of the Act, Mr. Satish Chandra Gupta (DIN: 00025780), and Mr. Rahul Chhajed (DIN: 01400028) were appointed as Independent Directors at the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2014.

The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Ms. Ankita Singh (DIN: 07038161) has been appointed as Woman Director w.e.f. 4<sup>th</sup> February, 2015 and Mr. Jagannath Pandharinath Dange (DIN: 01569430) was appointed as Additional Director w.e.f. 5<sup>th</sup> March, 2015, both will hold office up to the date of ensuing Annual General Meeting. Being eligible, they offered themselves to be appointed as the Independent Director of your Company. The Company has received a notice under Section 160 of the Act along with the requisite deposit proposing the appointment of Ms. Singh and Mr. Dange.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

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.

Pursuant to the provisions of Section 203 of the Act, the appointments, of Mr. Prasenjit Datta, Whole Time Director, Mr. Jagjit Padgaonkar, Chief Financial Officer and Mr. Dipesh U. Gosar, Company Secretary as key managerial personnel of the Company, were formalized.

#### **NUMBER OF MEETINGS OF THE BOARD:**

Four meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the Corporate Governance Report, which forms part of this report.

#### **BOARD EVALUATION:**

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under Clause 49 of the Listing Agreements.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:**

The Company's policy on Directors' appointment including criteria for determining qualifications, positive attributes and independence of a director as well as policy relating to remuneration of Key Managerial Personnel and other employees and other matters provided in Section 178(3) of the Act, is appended as an **Annexure A** to this Report.

#### **AUDIT COMMITTEE AND VIGILANCE MECHANISM:**

The Audit Committee comprises of Mr. Satish Chandra Gupta, Mr. Rahul B. Chhajed and Mr. Viresh Mathur. The other details pertaining to Audit Committee are included in the Corporate Governance Report, which forms part of this report. There has been no instance of non-acceptance of recommendation of audit committee by the Board.

The Board of directors has established vigil mechanism in the form of Whistle Blower Policy to enable Directors, Employees to make written Protected Disclosures (as defined in the policy) to the Vigilance Officer of the Company or to the Chairman of the Audit Committee in exceptional cases for investigation. The policy provides for adequate protection for whistle blowers and victimization of complainants and also provides for initiation of disciplinary or corrective action. This functioning of vigil mechanism is periodically reviewed by the audit committee. Your Company has posted the Vigil Mechanism/ Whistle Blower Policy on its website <http://www.gujaratfoils.com/investors.html>

#### **AUDITORS:**

##### **STATUTORY AUDITORS:**

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder M/s H.R. Agarwal & Associates, Chartered Accountants, were appointed as statutory auditors of the Company (having Firm Registration No. 323029E) from the conclusion of the 22<sup>nd</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2014 till the conclusion of the 27<sup>th</sup> Annual General Meeting to be held in the year 2019, subject to ratification of their appointment at ensuing AGM.

##### **COST AUDITOR**

Pursuant to Section 148(3) of the Act, 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 2014-2015 for conducting the audit of cost records.

The Board of Directors has re-appointed M/s. S. K. Agarwal & Associates as Cost Auditors for the Financial Year 2015-16 to conduct the audit of cost record and they have confirmed that their appointment, is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under Section 148(5) read with Section 139 and Section 141(3) of the Companies Act, 2013. Their remuneration approved by the Board, is recommended for ratification by the members at the ensuing AGM

### SECRETARIAL AUDITORS

During the year, Secretarial Audit was carried out by M/s. Umesh Ved & Associates, Company Secretaries, and Secretarial Auditor of the Company for the financial year 2014-15. The detailed reports on the Secretarial Audit are appended as an **Annexure B** to this Report.

### AUDITORS' OBSERVATIONS:

The Statutory Auditors' Report does not contain any qualifications, reservations or adverse remarks.

Secretarial Audit Report as required under the provisions of Section 204 under the Companies Act, 2013 is annexed herewith and the report of the Auditor is self-explanatory.

As regards to the observations of Secretarial Auditor with regard to the late filing of couple of forms the directors hereby confirm that the default made was only of a technical nature and the default has been made good by filing the respective forms with additional filing fees. The same occurred since there was a change in the office of Company Secretary.

### RISK MANAGEMENT

The Company has the risk assessment and mitigation procedures in place and the same have been laid before the Board members from time to time.

### CORPORATE SOCIAL RESPONSIBILITY

The Company has framed a Corporate Social Responsibility (CSR) Policy in compliance with section 135 of the Companies Act, 2013 and the said policy may be accessed on the website of the Company <http://www.gujaratfoils.com/investors.html>. The annual report on the Corporate Social Responsibility (CSR) Policy of the Company as per format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, is appended as an **Annexure C** to this Report.

### EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the extract of annual return is given in **Annexure D** in the prescribed Form MGT-9, which forms part of this report.

### PARTICULARS OF EMPLOYEES:

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.

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as **Annexure E** to this Report.

During the year under consideration, there were no employees, whose particulars are required to be disclosed under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 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.

### 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 presented in a separate section forming part of the Annual Report.

#### **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The particulars required to be disclosed under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is appended as **Annexure F** to this Report.

#### **Acknowledgement**

Your Directors 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.

Your Directors also 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.

For and on behalf of the Board  
**Of Gujarat Foils Ltd.**

Place: Mumbai  
Date: 11<sup>th</sup> August 2015

**Abhay Lodha**  
Chairman  
DIN 00052194



### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:**

#### **Introduction:**

In accordance with Section 178 of the Companies Act, 2013 the Company has formulated Remuneration Policy ("the policy").

#### **The objective:**

The policy is to ensure that Executive Directors and other employees are sufficiently compensated for their performance. The Policy seeks to provide criteria for determining qualifications, positive attributes and independence of a director.

#### **Criteria Directors' Appointment**

The following shall be followed/kept in view, to the extent possible and practicable while selecting any person for a position of a Director of the company.

- (a) The appointment of any director should be such as to help maintain/achieve diversity of thought, experience, knowledge, perspective in the Board of Directors.
- (b) A candidate proposed for appointment as a director should possess the highest personal and professional ethics, integrity and values.
- (c) Director must be willing to devote time for the affairs and activities of the board and its committee(s) and otherwise to enable the Board of Directors to discharge its functions and duties effectively;
- (d) Director shall possess appropriate skills, experience and knowledge in fields such as finance and financial advisory, law, management, sales, marketing, administration, corporate governance, taxation, research, regulatory affairs, aluminium/steels & foils, technical operations and any other discipline related to the Company's business.
- (e) A candidate proposed for appointment as independent director shall:
  - (i) be independent of management;
  - (ii) be having no direct or indirect material relationship with the Company or any of its officers, other than as a director or shareholder of the Company.
  - (iii) be such that brings in appropriate balance of skills, experience and knowledge in the Board of Directors;
  - (iv) be satisfy criteria of independence as mentioned in the Companies Act, 2013 and the Listing Agreement from time to time.
- (f) For Independent Directors, requisite professional qualification in the area of expertise is preferred. However, experience and expertise in a given field should be determining factor.
- (g) A candidate proposed for position of executive director may be from the promoter group or outside. Such candidate should have enough experience and be potentially fit for the executive responsibilities.

#### **Remuneration Policy**

##### **Directors**

Nomination and Remuneration Committee shall recommend the remuneration, including the commission based on the net profits of the Company for the Non-Executive Directors and Whole Time Director and other Executive Directors. This will be then approved by the Board and Shareholders. Prior approval of shareholders will be obtained wherever applicable in case of remuneration to non-executive directors.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to whole time directors. Salary is paid within the range approved by the Shareholders. The remuneration paid to Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / Business Executives. Independent Non-Executive Directors receive sitting fees for attending the meeting of the Board and Board Committees and commission as approved by the Board and Shareholders.