

24th
ANNUAL
REPORT
2015-16





Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses to the Company or its Registrar and Share Transfer Agents (RTA).

You are requested to send an e-mail to secretarial@topworthgroup.com for register your e-mail ID with Name of first registered shareholder, Folio/DP ID & Client ID.

On registration, all the communication will be sent to the e-mail ID registered in the Folio/DP ID & Client ID.

Corporate Information

BOARD OF DIRECTORS

Mr. Abhay Narendra Lodha
Chairman, Non-Executive Director

Mr. Prasenjit Promode Datta
Executive, Whole Time Director

Mr. Satish Chandra Gupta
Non-Executive, Independent Director
(Re-appointed w.e.f. 28th April, 2016)

Mr. Viresh Shankar Mathur
Non-Executive, Independent Director

Ms. Ankita Singh
Non-Executive, Independent Director

Mr. Jagannath Pandharinath Dange
Non-Executive, Independent Director

CHIEF FINANCIAL OFFICER

Mr. Jagjit Padgaonkar (upto 28th April, 2016)
Mr. Jitendra Jain (w.e.f. 28th April, 2016)

COMPANY SECRETARY

Mr. Dipesh Uttamchand Gosar (upto 14th July, 2016)
Mr. Rahul Singh (w.e.f. 14th July, 2016)

AUDITORS

M/s. H.R. AGARWAL & ASSOCIATES
Chartered Accountants

SECRETARIAL AUDITORS

M/s. UMESH VED & ASSOCIATES
Company Secretaries

COST AUDITORS

M/s. S. K. AGARWAL & ASSOCIATES
Cost Accountants

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
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: +91-079-26465179
Fax: +91-079-26465179
Email: 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 31st March, 2016. 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 ₹ 453.34 Crores
- ❖ EBITDA was ₹ 44.31 Crores
- ❖ Profit after tax was ₹ (1.56) Crores

Operational Highlights

- ❖ Highest and best ever productivity achieved from Coater Machine in Conversion Department
- ❖ Maximized the productivity & other operational indicators of printing section
- ❖ Successfully developed universal lacquer for Blister Foil Coating
- ❖ Down gauging of blister & strip foil for pharma customers

Business Highlights

FY 2015 – 2016 was an year of consolidation for Gujarat Foils Limited (GFL). We introspected our capabilities, consolidated and positioned ourselves to take a bigger leap in future. We at GFL placed a lot of focus on converting customer's dream into reality. To name a few such prestigious assignments, we had successfully developed universal lacquer suitable for sealing on PVC as well as PVDC side for very first time at GFL. We had jointly made down gauging assignment for blister & strip foil packaging very successful for one of the biggest brands in pharma. With this innovation by the GFL team, resulted in a major cost reduction for pharma companies. We had been able to achieve such milestones only because of State of Art, integrated rolling & converting facility under one roof coupled with self-motivated, highly experienced technical team.

In a very short span of time your Company has been accredited to the status of "most preferred vendor" status by some pharma majors 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.

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.

Though the financial results were not as expected but I feel proud to see the efforts made by the team, 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, accreditation of Integrated Management System which covers ISO 9001, ISO 14001, OHSAS 18001 from BSCIC, 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 to be used in regulated markets.

I feel proud to inform you that GFL is now affiliated to **GLAFRI - Global Aluminium Foil Roller Initiative**, which is world renowned organization for its initiatives in foil promotion based out of Düsseldorf - Germany. This association will give GFL further impetus to be a premium foil based packaging organisation both in domestic as well as international markets.

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. I am confident that we are on the right path and with the impending economic reform your Company will sustain this growth even further.

Regarding the future, your Company is looking actively at forward integration by putting up State of Art Printing Facility expansion very soon. 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.

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, Employee's, Vendors and Shareholders for their continued support and the confidence reposed on us.

Warm Regards,

Abhay Narendra Lodha
Chairman
DIN: 00052194

Directors' Report

To,
The Shareholders,

Your Directors have pleasure in presenting to you this 24th Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31st March, 2016.

FINANCIAL RESULTS

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

(₹ In Lakhs)

Particulars	Year Ended 31 st March, 2016	Year Ended 31 st March, 2015
Gross Income from Operations	47,030.74	50,735.07
Less: Excise Duty	1,805.42	2,078.48
Net Income from Operations	45,225.32	48,656.59
Profit before Depreciation, Finance cost and Taxation	4,430.44	5,740.51
Less: Depreciation and Amortization	969.61	894.43
Profit before Finance cost and Taxation	3,460.83	4,846.08
Less: Finance Cost	3,358.03	3,423.77
Profit before Taxation	102.80	1,422.31
Tax Expense		
- Current Tax	21.50	304.80
- Deferred Tax	237.06	445.62
- Earlier Years		
Profit after Taxation	(155.76)	671.89

REVIEW OF OPERATIONS/STATE OF COMPANY'S AFFAIRS

During the year under review, the Company's Net Income from operations stood at ₹ 45,225.32 Lakhs as compared to ₹ 48,656.59 Lakhs in the previous year, thereby registering a downfall of about 7.05%. Earnings before interest, depreciation, tax & amortization for the year under review stood at ₹ 4,430.44 Lakhs against ₹ 5,740.51 Lakhs in the previous year, thereby registering a drop of about 22.82 %. Profit before Tax registered a drop of about 92.77% and the Company has incurred net loss of ₹ 155.76 Lakhs as compared to net Profit of ₹ 671.89 Lakhs in the previous year. The Company has incurred loss due to fall in material prices and lower margins in a challenging market affected the profits.

DIVIDEND

As no surplus is available and to conserve resources for operations of the Company, your Directors have not recommended any dividend for the Financial Year ended 31st March, 2016.

TRANSFER TO RESERVES

The Board has adjusted loss of ₹ 155.76 Lakhs against previous years reserves in Profit and loss accounts and further, your 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 Loan, Guarantees and Investments covered under section 186 of the Companies are outstanding as at 31st March 2016.



Directors' Report

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 31st March, 2016, 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 31st March, 2016 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 2015-16.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the tenure of Mr. Satish Chandra Gupta (DIN: 00025780) was completed on 31st March 2016 and the Board of Directors of the Company at its meeting held on 28th April, 2016, re-appointed him as an Additional Director to hold office upto the date of ensuing Annual General Meeting. In terms of provisions of Section 149 of the Companies Act, 2013, it is proposed to re-appoint Mr. Satish Chandra Gupta as an Independent Director, for a period of 3 (Three) years. The Company has received notice in writing from a member proposing the candidature of Mr. Satish Chandra Gupta as Non-Executive Independent Director of the Company at the ensuing Annual General Meeting.

Mr. Abhay Narendra Lodha (DIN: 00052194), Chairman of the Company, liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 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.

Mr. Jitendra Jain was appointed as Chief Financial Officer with effect from 28th April 2016 vice Mr. Jagjit Padgaonkar.

Mr. Rahul Singh was appointed as Company Secretary with effect from 14th July 2016 vice Mr. Dipesh U. Gosar.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Prasenjit Promode Datta, Whole Time Director, Mr. Jitendra Jain, Chief Financial Officer and Mr. Rahul Singh, Company Secretary.

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 by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

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 available on Company's website at <http://www.gujaratfoils.com/investors>.

AUDIT COMMITTEE AND VIGILANCE MECHANISM

The Audit Committee comprises of Mr. Satish Chandra Gupta, Mr. Viresh Shankar Mathur and Mr. Jagannath Pandharinath Dange. 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 and 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 22nd Annual General Meeting of the Company held on 29th September, 2014 till the conclusion of the 27th Annual General Meeting to be held in the year 2019, subject to ratification of their appointment at ensuing Annual General Meeting.

COST AUDITORS

Pursuant to Section 148(3) of the Companies Act, 2013, 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 2015-2016 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 2016-17 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 member at the ensuing Annual General Meeting.



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 2015-16. Secretarial Audit Report as required under the provisions of Section 204 under the Companies Act, 2013 is annexed herewith as an **Annexure A** and the report of the Auditor is self-explanatory.

AUDITORS' OBSERVATIONS

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

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.

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 B** 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 C** 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 D** to this Report.

During the year under consideration, there were no employees, whose particulars are required 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.

THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been constituted to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. There was no complaint received from any employee during the financial year 2015 -16 and hence no complaint is outstanding as on 31st March, 2016 for redressal.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI Listing Regulation, is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

Pursuant to SEBI Listing Regulation, 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 E** to this Report.

ACKNOWLEDGEMENTS

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 Directors

Place: Mumbai
Date: 14th July, 2016

Jagannath Pandharinath Dange
Director
DIN 01569430

Prasenjit Promode Datta
Whole Time Director
DIN 00013414



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
GUJARAT FOILS LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Gujarat Foils Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015)
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)** and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Period)**
- (vi) The Export and Import Policy of India;
- (vii) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974;
- (viii) Petroleum Act, 1934;