



**25<sup>th</sup> | ANNUAL REPORT  
2016-17**



**GUJARAT FOILS LTD.**



### 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](mailto: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 (DIN 00052194)  
Chairman, Non-Executive Director

Mr. Prasenjit P. Datta (DIN 00013414)  
Executive, Whole Time Director  
(upto 07<sup>th</sup> February 2017)

Mr. Kamal Kishore Indoria (DIN 07728233)  
Executive, Whole Time Director  
(w.e.f. 07<sup>th</sup> February 2017 upto 09<sup>th</sup> August 2017)

Mr. Satish Chandra Gupta (DIN 00025780)  
Non-Executive, Independent Director

Mr. Viresh Mathur (DIN 01382982)  
Non-Executive, Independent Director

Mr. Jagannath Pandharinath Dange (DIN 01569430)  
Non-Executive, Independent Director

Ms. Ankita Singh (DIN 07038161)  
Non-Executive, Independent Director

### CHIEF FINANCIAL OFFICER

Mr. Jitendra Jain

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Rahul Singh

### STATUTORY AUDITORS

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

### INTERNAL AUDITORS

M/s. KHANDHAR & 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

Ceejay House, 3<sup>rd</sup> Floor, office no. 308,  
Dr. Annie Besant Road, Opp. Atria Mall,  
Worli, Mumbai – 400 018, Maharashtra.  
Tel:+91 22 49174500, 2490 5011, 2491 2001  
Fax: +91 22 2490 5010  
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  
506 To 508, 5<sup>th</sup> Floor, Amarnath Business Centre  
Near St Xaviers College Corner,  
Beside Gala Business Centre1,  
H L College Road, Navrangpura,  
Ahmedabad - 380009,  
Email: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)  
Tel.: 079 26465179, 2646 5182

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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 31<sup>st</sup> March, 2017. 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. 285.37 Crores
- ❖ EBITDA was Rs. (4.53) Crores
- ❖ Profit after tax was Rs. (42.09) Crores

### Operational Highlights

- ❖ Lowest ever rolling oil consumption / MT of output at Sheet Mill & Foil Mill.
- ❖ Lowest ever power consumption / MT of output at Sheet Mill & Foil Mill.
- ❖ Maximized the productivity & other operational indicators of printing section.
- ❖ Down gauging of blister & strip foil for pharma customers continued & successful.

### Business Highlights

During FY 2016 – 2017, LME shown continual upward trend & were unpredictable most of the time. This had not only resulted in requirement of additional working capital requirement for business but also put pressure on industry to pass these price increase to customers. These factors had adverse effect on financial performance of companies like us.

We at Gujarat Foils Limited, tried best to consolidate our business performance by introspecting our capabilities, and tried to maintain our position in industry. We at GFL placed a lot of focus on customer delight. We had jointly made down gauging assignment for blister & strip foil packaging very successful for few of the biggest brands in pharma. With this innovation by the GFL team had 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.

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.

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 25<sup>th</sup> Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31<sup>st</sup> March, 2017.

### FINANCIAL RESULTS

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

(₹ In Lakhs)

Particulars	Year Ended 31 <sup>st</sup> March, 2017	Year Ended 31 <sup>st</sup> March, 2016
Gross Income from Operations	30130.38	47030.73
Less: Excise Duty	(1697.03)	(1805.41)
Net Income from Operations	28433.35	45225.31
Profit before Depreciation, Finance cost and Taxation	(453.24)	4430.44
Less: Depreciation and Amortization	815.00	969.61
Profit before Finance cost and Taxation	(1268.24)	3460.83
Less: Finance Cost	2793.86	3358.03
Profit before Taxation	(4062.10)	102.80
Tax Expense		
- Current Tax	-	-
- Deferred Tax	147.80	258.56
- Earlier Years	-	-
Profit after Taxation	(4209.91)	(155.76)

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

During the year under review, the Company's Net Income from operations stood at ₹ 28433.35 Lakhs as compared to ₹ 45225.31 Lakhs in the previous year, thereby registering a downfall. Profit before Tax was ₹ (4062.10) Lakhs as compared to ₹ 102.80 Lakhs. The Company has incurred huge loss due to valuation of stock at net realisable value. There is no change in the nature of business during the financial year 2017.

### DIVIDEND

In view of huge losses incurred during the year, the Board of Directors has not recommended any Dividend.

### SHARE CAPITAL

During the year under review, there is no change in the paid-up share capital of the Company which stands at ₹ 3320.18 Lakhs comprising of 82,01,810 equity shares of ₹ 10/- each fully paid up and 2,50,00,000 10% Non-Convertible, Non-Cumulative, Redeemable preference shares of ₹ 10/- each. As on March 31, 2017, 97.4% of the total paid-up capital of the Company stands in the dematerialized form.

### TRANSFER TO RESERVES

The Company has proposed not to transfer any amount to General Reserve due to loss in the Current Year.

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

The particulars of Loans, Guarantees and Investments are covered under section 186 of the Companies Act, 2013, have been discussed in the Notes to the Financial Statements.



### 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the 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, Joint Venture and Associate 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, 2017, 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, 2017 and of the profit/loss 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 2016-17.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

1. Mr. Abhay Lodha (DIN 00052194) Director of the Company is liable to retire by rotation at ensuing Annual General Meeting and being eligible offers himself for re-appointment.
2. Mr. Prasenjit Promode Datta, (DIN 00013414) Whole Time Director of the Company resigned with effect from 7th February, 2017 due to his personal and pressing needs.
3. At the meeting held on 7th February, 2017, the Board on recommendation of Nomination and Remuneration Committee, appointed Mr. Kamal Kishore Indoria as Additional Director and at the same meeting, he has been appointed as Whole Time Director of the Company, subject to approval of the members at the ensuing Annual General Meeting.

Proposal to appoint Mr. Kamal Kishore Indoria as Whole Time Director forms part of Notice of ensuing Annual General Meeting.

All Independent Directors of the Company have given declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company are Mr. Kamal Kishore Indoria, 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>.

#### 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 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 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 2016-2017 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 2017-18 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 2016-17. Secretarial Audit Report as required under the provisions of Section 204 under the Companies Act, 2013 is annexed herewith as **Annexure A** and the report of the Auditor is self-explanatory.

### AUDITORS' OBSERVATIONS

The observations in the Auditors Report read with notes to accounts at appropriate place are 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 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>. 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 **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.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE AUTHORITY

There are no significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status of the Company and its future operations.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the 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 2016 -17 and hence no complaint is outstanding as on 31st March, 2017 for redressal.



**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

**CORPORATE GOVERNANCE**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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: 29<sup>th</sup> May, 2017

Sd/-  
**ABHAY NARENDRA LODHA**  
**CHAIRMAN**  
**DIN 00052194**



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2017**  
**[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**  
3436-3449, Chhatral GIDC Phase - IV,  
Taluka Kalol, Gandhinagar,  
Gujarat – 382 729.

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 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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
  - (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)**