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ANNUAL REPORT 2006-07

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**JHAVERI FLEXO INDIA LIMITED**



## **CONTENTS**

Chairperson's Message .....	02
Notice of AGM.....	04
Directors' Report.....	06
Corporate Governance Report.....	08
Management Discussion and Analysis.....	13
Auditors' Report.....	16
Balance Sheet.....	20
Profit & Loss Account.....	21
Schedules to B/S and P&L Account.....	22
Notes to Accounts.....	29
Cash Flow Statement.....	33



# 21st Annual Report

## JHAVERI FLEXO INDIA LIMITED

Registered Office: Gut No. 74, Farola, Paithan Road, Aurangabad - 431105

### FORM OF PROXY

I/We the undersigned, being member of JHAVERI FLEXO INDIA LTD., do hereby appoint .....of ..... and failing him/her .....of ..... as my/our proxy, to act for me/us at the annual general meeting of the shareholders of the Company to be held on Friday, the 28<sup>th</sup> September, 2007 at 10:00 A.M. at Gut No. 74, Farola, Paithan Road, Aurangabad-431 105.

Date this ..... day of .....2007

Name :

Address:

Affix Re.1/-  
Signature .....Revenue ...  
Stamp

Folio No./DP ID (For Demat Holding): ..... Client ID..... No. of Shares.....

#### Notes:

1. Proxy must be deposited at the Registered Office of the Transferor Company, not later than Forty Eight hours before the meeting.
2. The proxy need not be a member of the Applicant Company.

JHAVERI FLEXO INDIA LIMITED  
Registered Office: Gut No. 74, Farola, Paithan Road, Aurangabad 431105

### ATTENDANCE SLIP

Please complete the attendance slip and hand it over at the entrance of the meeting hall.

I/We hereby record my presence at the annual general meeting of the Shareholders of the Company to be held on Friday, the 28<sup>th</sup> September 2007 at 10:00 A.M. at 74, Farola, Paithan Road, Aurangabad-431 105.

Name and Address of the Equity Shareholder (IN BLOCK LETTERS).....  
.....

Signature: .....

Folio No./ DP ID/ Client ID:.....

No. of Shares: .....

Name of the Proxy (IN BLOCK LETTERS) .....

Signature: .....

#### Note:

1. Equity Shareholders/Proxy holder are requested to bring the Attendance Slip with them when they come to the meeting.
2. Equity Shareholder/Proxy holder who come to attend the meeting are requested to bring with them copy of the notice for reference at the meeting.



## 21<sup>st</sup> Annual Report

### BOARD OF DIRECTORS

RAJUL SANDEEP JHAVERI

CHAIRPERSON

SANDEEP JHAVERI

MANAGING DIRECTOR

Dr. M. K. SINHA

PURNA MEHTA

DINESH SHAH

YOGEN LATHIA

VIJAY D. AJGAONKAR

RANJAN P. GUPTA

KRISHNA KUMAR SADANI

EXECUTIVE DIRECTOR

ATIT GANDHI

EXECUTIVE DIR. (FLEXI DIV.)

### AUDITORS

M/S. BHATTER & COMPANY

CHARTERED ACCOUNTANTS, MUMBAI.

ASHISH GUPTA

COMPANY SECRETARY

### BANKERS

THE SARASWAT CO-OPERATIVE BANK LIMITED

### REGISTERED OFFICE

GUT NO. 74, FAROLA, PAITHAN ROAD,  
AURANGABAD- 431 105  
PHONE +91-2431-251663/4  
FAX +91-2431-251661

### WORKS

#### UNIT-I

GUT NO.74, FAROLA,  
PAITHAN ROAD, AURANGABAD  
MAHARASHTRA

#### UNIT-II

SURVEY NO. 135/2, VILLAGE DAPADA,  
KHANVEL ROAD, SILVASSA-369 230  
UNION TERRITORY OF DADRA AND  
NAGAR, HAVELI

#### UNIT-III

SURVEY NO. 188/2/1, VILLAGE LUHARI,  
SILVASSA-369 230, U.T. OF DADRA AND NAGAR HAVELI

### SHARE REGISTRAR AND TRANSFER AGENTS

M/S INTIME SPECTRUM REGISTRY LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (W)  
MUMBAI 400 078

Formerly Flexo Film Wraps (India) Ltd.

## ***Jhaveri Flexo India Limited***

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### **CHAIRPERSON'S MESSAGE**

Dear Stakeholders,

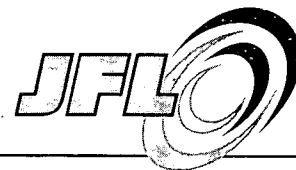
It gives me immense pleasure in presenting to you the performance of your company for the financial year ended 31<sup>st</sup> March 2007. This is the second year's performance of your company post merger and I am happy to inform you that the desired result of the merger has started showing. The turnover of your company has grown by 28% compared to the last financial year and the profitability has jumped by 155% for the same period.

India presently stands in the midst of an epochal transformation. Today, we are the fourth largest economy in the world in terms of purchasing power parity, the third largest in Asia, and the second largest among the emerging nations. Growing at a clip of over 9% annually, India is one of the few markets that have enormous potential for growth and earnings in practically all sectors. A trillion dollar economy, India's future growth has been accepted as here to stay, rather than viewed as a passing phenomenon. There is no let up from the Government on the reform process which has spurred the economy. These developments at the macro level will have a positive impact on your company. I am delighted to say that we have improved our performance considerably and are geared up to achieve CAGR of over 25 % for next 3 years so as to pave the way for more exponential growth in times thereafter.

I am all the more pleased to inform you that the expansion and diversification program, which your company had embarked upon, has already left the design board and is happening in full swing. First and the foremost important development in this direction is the construction of a state-of-art new factory set up at Luhari, Silvassa. Upon completion of the total construction which is going to be 12500 Sq. mtrs., this will be the largest built up facility amongst the 3 units of your company. The construction work is nearing completion and the first machine to be installed here i.e. the 5-Layer Cast Barrier Film line, has already been custom cleared at the Mumbai Port and the erection and commissioning shall start by the time we meet for our members' meeting.

A new solvent less Laminator from a leading European manufacturer was installed recently at our Dapada, Silvassa factory thereby increasing the lamination capacity by almost 40%.

The production of our new state-of-art coating line at Aurangabad has also begun recently, upon full capacity utilization this facility will put us as the largest manufacturer of surface protection film/tape in India, being currently used in big quantities by various industries, mainly sourced thru imports.



## 21<sup>st</sup> Annual Report

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Your company is in the process of finalizing other equipments, which are part of the expansion and diversification program. I wish to inform you that by the end of Financial Year 2007-08, orders for all the remaining equipments shall be finalized. The total impact of the various expansion program undertaken shall be reflecting in the company's working for the Financial Year 2009-10. Your company's focus continues to be on sustaining plant performance, improving service standards and timely commissioning of projects, all of which go a long way in maintaining the edge.

Currently your company is meeting the fund requirements for this expansion and diversification program, by raising fund and different credit facilities from our bankers - Saraswat Bank and by infusion of unsecured loans from promoters. However, company is looking at various options to raise long term funds and as soon as it finalizes the strategy for raising funds, will let you know.

I would like to put on record our expression of gratitude to the Board members, bankers, customers, suppliers, employees and all shareholders for their faith and spirit.

With best regards,

Sincerely,

*Rajul Thaveri*

Rajul Sandeep Jhaveri

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## ***Jhaveri Flexo India Limited***

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### **NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of Jhaveri Flexo India Ltd. will be held on Friday, the 28<sup>th</sup> September 2007 at 10:00 A. M. at Gut No. 74, Farola, Paithan Road, Aurangabad-431105 to transact the following business:

#### **ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Balance Sheet of the company as on 31<sup>st</sup> March 2007, the audited Profit and Loss Account for the year ended on that date, the Auditors' Report thereon and the Report of the Board of Directors.
- 2) To regularize the payment of interim dividend and treat the same as final dividend.
- 3) To appoint Director in place of Shri Dinesh Shah, who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint Director in place of Shri Ranjan Gupta, who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint auditors and fix their remuneration.

#### **SPECIAL BUSINESS:**

- 6) To consider, and if, thought fit, to pass with or without modification(s), the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 16, 94 (1) (a) and all other applicable provisions, if any, of the Companies Act, 1956, (including any amendment to or re-enactment thereof) the authorised share capital of the Company be and is hereby increased from Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lacs) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 5/- (Rupees Five only) to Rs. 25,00,00,000 (Rupees Twenty Five Crores) divided into 5,00,00,000 (Five Crores) equity shares of Rs. 5/- (Rupees Five only) each and the relevant capital clauses in the Memorandum of Association and Articles of Association of the Company be accordingly altered.

"RESOLVED FURTHER THAT the Board of Directors of the Company and/ or any other person authorized by the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writing as may be required in this connection."

BY ORDER OF THE BOARD OF DIRECTORS

PLACE: MUMBAI  
DATE: 28.07.2007

**RAJUL SANDEEP JHAVERI**  
CHAIRPERSON

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### **NOTES:**

1. MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF & A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy forms, duly stamped should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
  2. The Register of Members and Share Transfer Books of the Company will be closed from 24<sup>th</sup> September 2007 to 28<sup>th</sup> September 2007 (both days inclusive).
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## 21<sup>st</sup> Annual Report

3. Brief Details of Directors seeking re-appointment: The independent directors Mr. Dinesh Shah and Mr. Ranjan Gupta retire by rotation at the twenty first annual general meeting of the company and being eligible, offer themselves for reappointment.

Mr. Dinesh Shah is a stockbroker and is actively involved in stock and capital market since last 20 years and is currently running a leading stock broking firm D. J. Shah Securities Pvt. Ltd, a member of Bombay Stock Exchange. He is on the board of the company since 30.07.2005. Currently he is on the board of D. J. Shah Securities Pvt. Ltd., Kilitch Drugs India Ltd. and Wellworth Securities Ltd. (a Nidhi company).

Mr. Ranjan Gupta is a law graduate and was the head of legal section with SICOM, the state financial body of Maharashtra. He joined the board of the company on 30.04.2005. Currently he is director only on the board of our company.

4. All the documents referred to in the accompanying notice are open for inspection at the registered office of the company on all working days except Sunday and Holidays between 11:00 a.m. to 5:00 p.m. upto the date of Annual General meeting.
5. Members holding shares in physical form are requested to consider dematerializing the same.
6. Members who have not appointed nominees are requested to appoint nominees. The prescribed form for the appointment of nominee will be made available on request.
7. Members desirous of obtaining any information concerning the accounts and operations of the company for the financial year ended on 31<sup>st</sup> March, 2007 are requested to address their questions to the company secretary at the registered office of the company at least 10 days before the date of meeting so that the requested information is made available at the meeting, to the best extent possible.
8. The members are requested to send all communication relating to shares to Share Transfer Agents of the Company including changes, if any, in their registered address at an early date and bring the copy of the Annual Report and Attendance Slip with them to the Annual General Meeting.

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### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

#### ITEM NO. 6

Increase in authorised share capital and alteration in the memorandum of association:

At present the authorized share capital of the Company is Rs. 12,50,00,000 (Rupees Twelve Crores Fifty Lacs) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 5/- each (Rupees Five only), out of which paid up capital is Rs. 11,06,28,195.

In view of expansion activities in the company, the company may have to raise resources from the market as and when found suitable for the company and the company has constituted a committee for Employee Stock Option Scheme. Keeping these ongoing requirement in view, the Board of Directors decided to increase its authorised share capital from Rs. 12.50 crores to Rs. 25.00 crores.

Section 16 of the Companies Act, 1956 read with the provisions of Section 94 of the said act requires any change in the Memorandum of Association, to be approved by the members of the company. The Board of Directors recommends the members to pass the resolution at item no. 6 as ordinary Resolutions.

None of the Directors of the Company is concerned or interested in the said Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE: MUMBAI  
DATE: 28.07.2007

**RAJUL SANDEEP JHAVERI**  
CHAIRPERSON



## Jhaveri Flexo India Limited

### DIRECTORS' REPORT

Your Directors are pleased to present the 21<sup>st</sup> Annual Report together with the audited Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2007.

#### 1. FINANCIAL RESULTS:

Rs. in lakhs

Particulars	Current Year 31 <sup>st</sup> March 2007	Previous Year 31 <sup>st</sup> March 2006 *
Sales	10425.18	9211.00
Raw Material Consumption	7995.57	6904.62
PBIDT	1081.52	864.64
Less: Interest	279.43	311.66
PBDT	802.09	552.98
Less: Depreciation & Amortization	365.70	373.89
PBT	441.46	179.25
Less: Provision for Taxation	62.62	24.24
PAT	378.83	155.01

\* Comprise 15 months financial results of the transferor company only and 12 months financial results of the transferee company i.e. Jhaveri Flexi Laminate Pvt. Ltd.

- 2. OPERATIONS:** Gross sales net of excise duty and excluding other income during the year was Rs. 10425.18 lakhs as against Rs. 9211.00 lakhs for the previous financial periods (15 months), registering a growth of 28%. The profit after tax was Rs. 378.83 lakhs compared to Rs.155.01 lakhs during the previous year, registering a growth of 155%. This could be possible due to the merger and consolidation of business of the company.
- 3. DIVIDEND:** Your Directors during the financial year 2006-07, declared and paid Interim Dividend @ 16% i.e. Rs. 0.80 per equity shares of Rs. 5/- each fully paid up amounting Rs. 177.00 lakhs in their meeting held on 28.01.2007, which was paid to the shareholder after a gap of more than 11 years, so your company back on the list of dividend paying company. In view of the ongoing expansions, your directors have decided to treat this interim dividend as the final dividend for the financial year 2006-07.
- 4. EXPANSION PLANS:** As reported in the last AGM your company has embarked upon a major expansion and diversification plan for the exponential growth of the company. Apart from increasing the capacities of its existing factories at Farola in Aurangabad and Dapada in Silvassa, company is putting up a Stat of the Art manufacturing set up on its new land brought during the previous year at Luhari in Silvassa. Upon completion this will be company's largest built up set up for its future manufacturing activities. The total investment plan for expansion and diversification will be to the tune of Rs. 75 Crores. Your company is weighing various options to fund the same. As a stopgap arrangement the promoters are putting in money in the form of unsecured loans to meet the immediate investment requirements. The company is expecting the total impact of its expansion and diversification to reflect in the financials of the company in the financial year 2008-09.
- 5. FIXED DEPOSIT:** Your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 from the public.
- 6. SHIFTING OF REGISTERED OFFICE:** The Company had its registered office and a unit at B-22, MIDC Area, Waluj, Aurangabad, as a measure of rationalization the company has shifted the said unit to its another unit situated at Gut No. 74, Farola, Paithan Road, Aurangabad and accordingly the registered office has also been shifted to Gut No. 74, Farola, Paithan Road, Aurangabad with effect from 28.01.2007.
- 7. DIRECTORS:** Shri Dinesh Shah and Shri Ranjan Gupta retire by rotation at the twenty first annual general meeting and being eligible, offer themselves for reappointment.
- 8. INSURANCE:** All the properties of the company including Plant & Machinery, Stores and Stocks, wherever necessary and to the extent required have been adequately insured.



## 21<sup>st</sup> Annual Report

9. **AUDITORS:** The auditors M/s. Bhattar & Co., chartered accountants hold office until the conclusion of the ensuing Annual General Meeting and have given their consent for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.
10. **REMUNERATION TO EMPLOYEES:** The Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employees) Rules, 1975 read with the provisions of Sections 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.
11. **DIRECTOR'S RESPONSIBILITY STATEMENT:** Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors to the best of their knowledge and belief confirm that:
- In the preparation of the annual accounts, the applicable accounting standards have been followed.
  - Appropriate accounting policies have been selected and applied consistently and have made judgment 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 March 31, 2007 and of the Profit and Loss Account for the year ended March 31, 2007.
  - Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - The annual accounts have been prepared on a going concern basis.
12. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:**
- Conservation of Energy:** Significant measures have been taken to reduce energy consumption by using energy efficient equipment. Your company continuously evaluates new technologies and has endeavored to optimize the use of energy resources and taken adequate steps to avoid wastage.
  - Technology Absorption and R&D:** Innovation and cost reduction is a regular activity in the company. The Company is continuously working on means to reduce the cost of production with consistent quality and is further working on developing new variants of surface protection tape and in-house production of its different ingredients. The company has installed positive Air System at all its facilities to create more healthy and hygienic conditions in the work area.
  - Foreign Exchange:**  
Total Foreign Exchange earned and used.
- |                           |               |
|---------------------------|---------------|
|                           | (Rs. In lacs) |
| Foreign Exchange Earned : | 1195.61       |
| Foreign Exchange Used :   | 13.50         |
13. **CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:** As required under clause 49 of the Listing Agreement with the Stock Exchange, Corporate Governance and Management Discussion and Analysis Report form part of the annual report. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.
14. **ACKNOWLEDGMENT:** The Board wishes to express and place on records its gratitude for the faith reposed in and cooperation extended to the company by the bank, government authorities, customers, suppliers and shareholders of the company. Your directors wish to place on record their deep sense of appreciation for the devoted and sincere services of the executives, staff and workers of the company for its success.

BY ORDER OF THE BOARD OF DIRECTORS

PLACE: MUMBAI  
DATE: 28.07.2007

**RAJUL SANDEEP JHAVERI**  
CHAIRPERSON