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ANNUAL REPORT 2007-08

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JHAVERI FLEXO INDIA LIMITED



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BOARD OF DIRECTORS

RAJUL SANDEEP JHAVERI

SANDEEP JHAVERI

Dr. M. K. SINHA

DINESH SHAH

YOGEN LATHIA

VIJAY D. AJGAONKAR

RANJAN P. GUPTA

ABHISHEK JHAVERI

KRISHNA KUMAR SADANI

ATIT GANDHI

CHAIRPERSON

MANAGING DIRECTOR

EXECUTIVE DIRECTOR

EXECUTIVE DIRECTOR

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-431105

MAHARASHTRA

UNIT-II

SURVEY NO. 135/2, VILLAGE DAPADA,

KHANVEL ROAD, SILVASSA-369 230

U.T. 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

CHAIRPERSON'S MESSAGE

Hello,

It's really a matter of pleasure to note that our country's economy has grown at the rate of 9% in the FY 2007-08 and I am happy to inform you that though a very small company on the industrial horizon of our country, our growth on a year to year basis was following

While our top line grew by over 25% and our profitability took a quantum jump it grew up by approximately 500%. The annual accounts will give you the comprehensive picture of the same. The year was full of extraordinary activities; while on the operation front we added one more unit of manufacturing at Luhari in Silvassa and when I am writing to you I have the pleasure to inform you that the 5-layer barrier cast line has commenced commercial production. In the current financial year, we will have the contribution from this line in our top line and bottom line, in a significant way.

As you are aware, we have completed the first quarter's working for FY 08-09. Your company has made gross turnover of Rs. 41.76 crores and cash profit of Rs. 2.00 crores and further we have closed the month of July-08 with the highest turnover ever done by the company in the single month i.e. gross sales of Rs. 20.41 crores.

On the financial front, as you are aware, we had filed our DRHP with the SEBI for a Follow on public issue (FPO) of 1,01,00,000 equity shares on 1st November 2007. The final observation on our DRHP we received from SEBI on 20.02.2008 but as we all know by that time the mayhem in the stock market had begun and the investors' confidence had reached to its new nadir. Therefore, your company had to withdraw the decision of going for an FPO. This withdrawal of FPO was a tough decision for the company, since its expansion and diversification program was at an advanced stage of implementation and the need for money was acute. I have the pleasure to inform you that your company devised and worked out different kind of financial instruments from its existing banker and some funding through ECB from Export Development, Canada. The whole exercise was planned with 2 goals in mind the first was that as and when the liabilities arise, the company should have the strong cash flow to meet it and the second was to keep the burden of interest as much low on the working of your company as possible.

Apart from these facilities, the promoters keep meeting the on going funds requirements through their personal means and company also tried to rope in some long term investors with 2 goals again in mind one was to address the long pending demand of SEBI and Stock Exchange to bring down the promoters share holding below 75% and second the quality of investors should be of high repute. I take this privilege to inform you that we have been able to achieve both these and through a special resolution we are asking for your approval for this private placement of equity shares to some high net worth investors. Now I wish to inform you that the year before us is a tough one from number of perspectives while the bank interest rates are increasing due to monetary policies of the Govt. to contain inflation, the consumption pattern of the growing economy also looks like getting affected. When we had planned this expansion and diversification, one of the goals we wanted to achieve out of this is to broaden the product range to insulate ourselves from time to time



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stagflation in the demand of various products. I think ours this focus will enable me to present to you yet another milestone result of your company for the FY 2008-09.

Before concluding, I wish to express my whole hearted thanks to our customers, Board members, bankers, Govt. authorities, Auditors, Advisors, Business Associates, and last but not the least, all team members of Jhaveri Flexo without which it would not have been possible to achieve the results. I would also like to express my gratitude to Export Development, Canada for financing capital goods as ECB and suppliers of machineries for extending long-term credit.

Finally, thank you all the shareholders for believing in the company.

|| JAI HIND ||

Rajul Sandeep Jhaveri



Jhaveri Flexo India Limited

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of Jhaveri Flexo India Ltd. will be held on Monday the 08th September, 2008 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 audited Balance Sheet of the company as on 31st March 2008, 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 declare dividend on equity shares.
- 3) To appoint Director in place of Dr. M. K. Sinha, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Director in place of Mr. Yogen Lathia, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 255, 257 and other applicable provision, if any, of the Companies Act, 1956, Mr. Abhishek Jhaveri who was appointed as additional director by the Board of Directors of the company, be and is hereby appointed as director of the Company liable to retire by rotation."

- 7) 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 provision of section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and in supersession of earlier resolution/s passed at the General Meeting/s of the company in relation to the exercise of borrowing power, the company accords its consent to the Board of Directors to borrow any sum or sums of money from time to time from any one or more of the company's bankers and /or from any one or more of the other persons, firms, bodies corporate or financial institutions, whether unsecured or secured by creating charge of any kind whatsoever including mortgage, hypothecation or pledge of the company's assets and properties whether immovable or movable or stock in trade (including raw material, stores, spare parts and components in stock or in transit) and work in progress and all or any of the undertakings of the company, present and future, notwithstanding that the money to be borrowed together with monies already borrowed by the company (apart from the temporary loans obtained from the bankers in the ordinary course of the business) will or may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purposes, so that the total amount upto which money may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 100 crores (Rupees One Hundred Crores).

RESOLVED FURTHER THAT for the implementation of this resolution the board may act through any member thereof or any other person authorized by the Board for the same and to do all such acts, things and deeds as may be required in this regard."



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- 8) 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 section 198, 269, 309, 314 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, as amended time to time and subject to the approval of the Central Government, if any the consent of the members of the company be and are hereby accorded to increase in the remuneration payable to Mr. Sandeep Jhaveri, Managing Director of the company with effect from 1st April, 2008 and upto the expiry of his term of appointment on 18th October 2011:

Monthly Salary: Rs. 1,50,000/-

Perquisites: In addition to salary, the Managing Director will also be eligible for perquisites as classified into two categories, Part A and B:

Category A:

Housing: The house rent allowance will be subject to 1/3rd of basic salary.

Children Education Allowance: Rs. 23,800/- per month.

Medical Reimbursement: Expenses incurred by him and his family subject to a ceiling of one month salary in one year or three months salary for a period of three years.

Leave Travel Expenses: LT expenses for him and his family once in a year incurred as per the rule specified by the company.

Club fees: Club fees subject to a maximum of two clubs excluding the admission and life membership.

Insurance: Personal accident insurance, medical insurance and other insurance as per the rules of the Company.

Category B:

Contribution to Provident Funds, Pension/Superannuation fund: The Company's contribution to provident fund and superannuation fund as per the Rules of the Company.

Gratuity: As per rules of the Company.

Encashment of leave: At the end of tenure of office in accordance with the Company's Rules.

Provision of car and telephone: Provision of car for use on the company's business and telephone at residence will not be considered as perquisites.

RESOLVED FURTHER THAT the remuneration specified above or alter and vary at any time hereafter shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the companies Act, 1956 read with schedule XIII to the said Act and in case of the company has no profits or its profit are inadequate in any financial year, the Managing Director would be entitled to receive the remuneration upto the limit of minimum remuneration as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as amended from time to time.

RESOLVED FURTHER THAT the Managing Director will also be entitled to reimbursement of all entertainment and other expenses actually and properly incurred for the business of the Company.

RESOLVED FURTHER THAT the Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof.”

- 9) 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 section 198, 269, 309 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, and subject to the approval of the Central Government, if any the approval of the members of the company be and are hereby accorded to the re-appointment of Mr. Krishna Kumar Sadani as an Executive Director of the company for a further period of five years with effect from 28th June, 2008 on the terms and conditions as set out in the draft agreement including remuneration as mentioned below:

Jhaveri Flexo India Limited

Monthly Salary: Rs. 75,000/-

Perquisites: In addition to salary, the Executive Director will also be eligible for perquisites as classified into two categories, Part A and B:

Category A:

Housing: The house rent allowance will be subject to 1/3rd of basic salary.

Children Education Allowance: Rs. 11,300/- per month.

Medical Reimbursement: Expenses incurred by him and his family subject to a ceiling of one month salary in one year or three months salary for a period of three years.

Leave Travel Expenses: LT expenses for him and his family once in a year incurred as per the rule specified by the company.

Club fees: Club fees subject to a maximum of two clubs excluding the admission and life membership.

Insurance: Personal accident insurance, medical insurance and other insurance as per the rules of the Company.

Category B:

Contribution to Provident Funds, Pension/Superannuation fund: The Company's contribution to provident fund and superannuation fund as per the Rules of the Company.

Gratuity: As per rules of the Company.

Encashment of leave: At the end of tenure of office in accordance with the Company's Rules.

Provision of car and telephone: Provision of car for use on the company's business and telephone at residence will not be considered as perquisites.

RESOLVED FURTHER THAT the remuneration specified above or alter and vary at any time hereafter shall not exceed the limits prescribed from time to time under section 198, 269, 309, 314 and other applicable provisions of the companies Act, 1956 read with schedule XIII to the said Act and in case of the company has no profits or its profit are inadequate in any financial year, the Executive Director would be entitled to receive the remuneration upto the limit of minimum remuneration as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as amended from time to time.

RESOLVED FURTHER THAT the Executive Director will also be entitled to reimbursement of all entertainment and other expenses actually and properly incurred for the business of the Company.

RESOLVED FURTHER THAT the Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

- 10) 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 section 198, 269, 309, 314 read with schedule XIII and any other applicable provisions of the Companies Act, 1956, as amended from time to time and subject to the approval of the Central Government, if any the consent of the members of the company be and are hereby accorded to increase in the remuneration payable to Mr. Atit Gandhi, Executive Director of the company with effect from 1st June, 2008 and upto the expiry of his term of appointment on 18th October 2011:

Monthly Salary: Rs. 75,000/-

Perquisites: In addition to salary, the Executive Director will also be eligible for perquisites as classified into two categories, Part A and B:



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Category A:

Housing: The house rent allowance will be subject to 1/3rd of basic salary.

Children Education Allowance: Rs. 11,300/- per month.

Medical Reimbursement: Expenses incurred by him and his family subject to a ceiling of one month salary in one year or three months salary for a period of three years.

Leave Travel Expenses: LT expenses for him and his family once in a year incurred as per the rule specified by the company.

Club fees: Club fees subject to a maximum of two clubs excluding the admission and life membership.

Insurance: Personal accident insurance, medical insurance and other insurance as per the rules of the Company.

Category B:

Contribution to Provident Funds, Pension/Superannuation fund: The Company's contribution to provident fund and superannuation fund as per the Rules of the Company.

Gratuity: As per rules of the Company.

Encashment of leave: At the end of tenure of office in accordance with the Company's Rules.

Provision of car and telephone: Provision of car for use on the company's business and telephone at residence will not be considered as perquisites.

RESOLVED FURTHER THAT the remuneration specified above or alter and vary at any time hereafter shall not exceed the limits prescribed from time to time under section 198, 309 and other applicable provisions of the companies Act, 1956 read with schedule XIII to the said Act and in case of the company has no profits or its profit are inadequate in any financial year, the Executive Director would be entitled to receive the remuneration upto the limit of minimum remuneration as prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956 as existing or as amended from time to time.

RESOLVED FURTHER THAT the Executive Director will also be entitled to reimbursement of all entertainment and other expenses actually and properly incurred for the business of the Company.

RESOLVED FURTHER THAT the Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or Committee thereof."

- 11) To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable Rules, Guidelines, Regulations, Notifications and Circulars, if any, of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other concerned and relevant authorities, and other applicable laws, if any, and the enabling provisions in the Memorandum and Articles of Association of the Company, listing agreements entered into by the Company with Stock Exchanges where the Shares of the Company are listed and subject to such other approvals, as may be necessary and subject to such conditions, and modifications as may be prescribed by any authority in granting such approvals, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board"), the Board be and is hereby authorised on behalf of the Company with power to delegate such authority to such person/s and/ or its committee which may be constituted or have constituted, as the Board may deem fit to allot upto 30,35,000 (Thirty Lacs Thirty Five Thousands only) Equity Shares having face value of Rs. 5/- (Rs. Five only) per share, at a price of Rs. 60/- (Rupees Sixty only) per share i.e. at a premium of Rs. 55/- (Rs. Fifty Five only) per share for cash, to be subscribed in Indian and/or Foreign Currency(ies), by the following persons or entities:

Jhaveri Flexo India Limited

S. No.	Name of the Persons / entities with Address	Residential Status	No. of Equity Shares to be allotted upto
1	Sudarshan Securities Pvt. Ltd. Flat No.8, 1 st Floor, 163 Hariom Niwas, Sion East, Mumbai-400 022	Domestic Company	10,00,000
2	One-Up Financial Consultants Pvt. Ltd. 14, Laxmi Nivas, Church Road, Vile Parle (W), Mumbai-400056	Domestic Company	6,00,000
3	Abhinav Capital Services Ltd. "Athena House" Row House No. 4, Rajnigandha, Gokuldham, Goregaon (E), Mumbai-400063	Domestic Company	4,00,000
4	Lathia Industrial Roller Pvt. Ltd. 305 Jolly Bhavan, No. 2 Sir Vittaladas Thackersy Road, Mumbai-400 020	Domestic Company	60,000
Total Allotment to Domestic Company			20,60,000
5	Disha Dinesh Shah 161, Kalpataru Residency, Tower A, Sion Circle, Mumbai - 400 022	Indian Resident	2,00,000
6	Bijoli Dinesh Shah 161, Kalpataru Residency, Tower A, Sion Circle, Mumbai - 400 022	Indian Resident	2,00,000
7	Vinod K. Nevatia Shree Sadan, 165 Sion East Sion, Mumbai 400022	Indian Resident	1,00,000
8	Milloni Sarin 610 A, Beverly Park 1, DLF Phase II, Gurgaon-122002	Indian Resident	1,00,000
9	Dinesh J. Shah 161, Kalpataru Residency, Tower A, Sion Circle, Mumbai - 400 022	Indian Resident	95,000
10	Sonal Dinesh Shah 161, Kalpataru Residency, Tower A, Sion Circle, Mumbai - 400 022	Indian Resident	55,000
11	Pankaj C. Shaparia Jyoti P. Shaparia 59, New Vohra Building, 2 nd Floor, Room No. 21, Nakhoda Street, 37, A.R. Street, Mumbai-400003	Indian Resident	50,000
12	Taravanti J. Shah 161, Kalpataru Residency, Tower A, Sion Circle, Mumbai - 400 022	Indian Resident	50,000
13	Anil Mehta Purna Mehta 5/B, Madhu Sagar Building, Kemps Corner, Mumbai- 400038	Indian Resident	50,000
Total allotment to Indian Residents			9,00,000
14	Nirav Dye & Chemicals, INC. 1001, East, W.T. Harris Blvd., Suite P-244, Charlotte, NC 28213, USA	Non resident incorporated entity	75,000
Total allotment to NRIE			75,000