



***Jhaveri Flexo India Limited***

*Annual Report - 2008-09*

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## 23rd Annual Report

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

SANDEEP JHAVERI  
KRISHNA KUMAR SADANI  
ATIT GANDHI

MANAGING DIRECTOR  
EXECUTIVE DIRECTOR  
EXECUTIVE DIRECTOR

#### NON-EXECUTIVE DIRECTORS

RAJUL SANDEEP JHAVERI  
DR. M. K. SINHA  
DINESH SHAH  
YOGEN LATHIA  
VIJAY D. AJGAONKAR  
RANJAN P. GUPTA  
ABHISHEK JHAVERI

CHAIRPERSON  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

#### AUDITORS

M/S. BHATTER & COMPANY  
ASHISH GUPTA

CHARTERED ACCOUNTANTS, MUMBAI.  
COMPANY SECRETARY

#### BANKERS

THE SARASWAT CO-OPERATIVE BANK LIMITED

#### REGISTERED OFFICE

GUT NO. 74, FAROLA, PAITHAN ROAD,  
AURANGABAD- 431 105, MAHARASHTRA, INDIA.  
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 LINK INTIME INDIA PRIVATE LIMITED  
C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (W)  
MUMBAI 400 078

#### CONTENTS

Chairperson's Message .....	02
Notice of AGM.....	04
Directors' Report.....	10
Corporate Governance Report.....	14
Management Discussion and Analysis.....	19
Auditors' Report.....	22
Balance Sheet.....	26
Profit & Loss Account.....	27
Schedules to B/S and P&L Account.....	28
Notes to Accounts.....	35
Cash Flow Statement.....	40

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

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### **CHAIRPERSON'S MESSAGE**

Dear Stakeholders,

I hope that the entire family of JFL stake holders has passed through this unprecedented turmoil of financial mess with the least of damage. I have the pleasure to inform you that we at JFL also have been able to sail through with sustainable effects of it. Yes, I must admit that our financial performance for the FY 08-09 was quite bad which you will be able to see with more clarity in our statement of accounts being part of this report. This I would attribute more to the unforeseen volatility in crude oil and its down stream intermediates which are major raw materials for our products and then to the foreign exchange losses we suffered most part of the year.

I am sure that all of us come across some kind of crisis at a given point of time in life. The winners are those who solve them with focused approach and come out of it stronger and quicker. And this was proven by our country to the entire World. The conservative yet prudent financial management of the country's banking system by our Central Bank received accolades World over. We all know none of our banks came under constrained finance position. The banks which failed or did very badly in their parent country could hold their Indian investment in high steam. We could sustain a growth rate of 6.7% for the FY is no mean achievement. Our country is now in the vicinity of a growth rate of 8% barring unforeseen circumstances which is a big leap though our exports volume are yet to pick up.

I would like to inform you that the expansion plan taken up by the company is over. All the major capital equipments have arrived and all machines are now making commercial run except Cast PVC Cling Film Line. There has been a delay in the execution of the entire expansion cum diversification program mainly due to delay in the arrival / commissioning of machines and time taken in adopting the latest technologies sourced by the company. When we had planned this big leap in existing capacities and adding new capacities as well as new products, the philosophy was very simple, make in Kilo and sell in meter. In this competitive era and fiercely competitive time when business has no boundaries and the World is a Global Village, until and unless you have some kind of barrier available whether technical or financial as your strength, long term growth is very difficult. So the focus of entire capital investment was to bring in value added products and import substitutes. I have the pleasure to inform that we have been able to make a right blend of both. The optimum benefit of this path set for our long term growth shall be possible in the FY10—11. Of course, the current FY will also reflect the growth in top and bottom lines due to the huge capital investment done by the company.

As you know, we are catering to the top end users in all segment of our activities and the biggest segment in terms of turn over, we cater to, is FMCG industry. This segment has taught us many a lessons and the most important was to produce what customers like with perfection and user friendly character. We manufacture Plastic Cling Film since our inception and this is a very versatile product from the perspective of a house wife. It is such a user friendly product to a house hold that it can become A MUST for a woman's shopping list.

I being house lady first and then your chairperson, always cherished a dream of putting this product on the shop shelf and it gives me immense pleasure that we have recently launched the consumer pack KLIN WRAP. This launch was done in Chennai and the company has plans to launch it in the big cities of the country in next 3 months. This will make our foray into the most important segment of marketing, i.e. retail marketing of our product. This is just the beginning and the idea is to make your company's brand a house hold name. The company is planning the



## 23rd Annual Report

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product awareness program in a small way and depending upon its success will plan for big budget media spend like advertisements on TV, movie theatres, women's magazines etc.

The detailed of financial result and action plans are available in the director's report and management discussion. However I wish to inform you that we at JFL are back on growth track and hope to achieve a very good growth year on year basis for FY09-10. You must have seen the result of the 1<sup>st</sup> quarter. I wish to put on record once again that we did a turn over of Rs.44.35 Crores approx. and made a cash profit of approx Rs.3.57 Crores for this 1<sup>st</sup> quarter of current FY. The net profit was Rs.1.48 Crores and this is more than net profit of entire last FY.

The company is on a hiring spree and during last 3 months has hired some of the best talent from both, marketing and manufacturing. It is also putting together its means to have all India bases, so as to cater the entire spectrum of our country to market its products. We have also initiated our efforts for exporting our products in a big way. The process to acquaint with the export market and sampling is on. So in the next FY i.e. 10-11 our exports will get a big boost, thus inching towards our goal of catering to various countries and reducing our dependence only on domestic market.

Before concluding, I would like to thank the group of investors who posed faith in the company's potential to excel as packaging solution provider in time to come and believing in the future growth plans and invested in your company at time when the capital markets world over had gone for a toss. Infusion of this money increased the strength of the company to keep its capital investment plans almost on schedule.

I would also like to convey our gratitude to our people at different locations manning activities allotted to them and our only bankers M/S. Saraswat Bank for their continued support and faith in us. Lastly, I thank all our shareholders, customers as well as suppliers who have also extended very good support to our company during one of the most difficult years.

With Best Regards,

**Rajul Sandeep Jhaveri**  
Chairperson

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

### **NOTICE**

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of Jhaveri Flexo India Ltd. will be held on Wednesday the 30<sup>th</sup> September 2009 at 10:00 A.M. at Gut No. 74, Farola, Paithan Road, Aurangabad-431105 to transact the following business:

#### **ORDINARY BUSINESS:**

- 1) To consider and adopt the Balance Sheet of the company as at 31<sup>st</sup> March 2009, 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 consider and declare dividend on equity shares.
- 3) To appoint a Director in place of Mr. Vijay D. Ajaonkar who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint a Director in place of Mr. Atit Gandhi, who retires by rotation and being eligible offers himself for re-appointment.
- 5) To appoint M/s Bhattar & Co. Chartered Accountants as Statutory Auditors of the Company and fix their remuneration.

#### **SPECIAL BUSINESS:**

- 6) 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 314 (1) (b) of the companies Act 1956 and other applicable provisions, if any, the consent of the company be and is hereby accorded to the appointment of Mr. Sujay Jhaveri, a relative of a Director of the company to hold and to continue to hold a place of profit in the company with effect from 1<sup>st</sup> October 2008 on the terms and conditions as embodied in a service agreement at a gross salary of Rs. 25765 per month."

- 7) 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 314 (1) (b) of the companies Act 1956 and other applicable provisions, if any, the consent of the company be and is hereby accorded to the appointment of Mr. Mrunal Jhaveri, a relative of a Directors of the company to hold and to continue to hold a place of profit in the company with effect from 1<sup>st</sup> October 2008 on the terms and conditions as embodied in a service agreement at a gross salary of Rs. 28765 per month."

- 8) 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 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 1<sup>st</sup> April, 2008:



## 23rd Annual Report

**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 1/3<sup>rd</sup> 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 Managing Director shall be entitled to get remuneration as specified above for the period of three years and where in any financial year the Company earn adequate profit, the Company can pay remuneration upto Rs. 36,00,000 Per Annum to the Managing Director for the remaining period of his appointment by way of salary, perquisites and other allowances and benefits as specified above subject to the receipt of the requisite approvals, if any.

**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."

Place: Mumbai  
Date: 31.07.2009

By Order of the Board of Directors

**Rajul Sandeep Jhaveri**  
Chairperson



***Jhaveri Flexo India Limited*****NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (hereinafter referred as AGM or 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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of business under item nos. 6 to 8 set out above, is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will be closed from 24<sup>th</sup> September 2009 to 30<sup>th</sup> September 2009 (both days inclusive). If dividend as recommended by the Board of Directors is approved at the meeting, payment of such dividend will be made within 30 days from the date of AGM:
  - i) To all beneficial owners of equity shares held in electronic form as per the data as may be made available by the National Securities Depository Limited and the Central Depository Services (I) Limited for this purpose as of the close of business hours on 23<sup>rd</sup> September 2009.
  - ii) To all shareholders in respect of whose names appear on the register of members of the company after giving effect to valid transfers in respect of transfer requests lodged with the company on or before the close of business hours on 23<sup>rd</sup> September 2009.
4. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the company for payment of the dividend. The company or its registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository participant of the shareholders.
5. In order to avail the facility of Electronic Clearing System for receiving direct credit of dividend to his/her respective account with banks, the member holding shares in physical form are requested to provide their bank account details in the ECS form attached to the Annual Report, to the company's Registrar & Transfer Agent- Link Intime India Private Limited.
6. Brief Details of Directors seeking re-appointment: The directors Mr. V. D. Ajgaonkar and Mr. Atit Gandhi retire by rotation at the twenty third annual general meeting of the company and being eligible, offer themselves for reappointment.  
  
 Mr. Vijay Ajgaonkar aged 65 years, is a Non-Executive Independent Director of the Company. He is a Master of Commerce and a C A.I.I.B by qualification. He is a financial consultant by profession. Earlier, Mr. Ajgaonkar worked with State Bank of India for about 21 years. During the last four years of career with SBI, he was on deputation with SBI Capital Markets Ltd. After pre-matured retirement from the Bank, he joined Time Guaranty Financial Limited as head of its Merchant Banking Division. With experience in the Banking, Investment Banking and Finance, he currently works as a free lancer. His experience and knowledge in the field of finance has been a guiding force to your company in critical banking and other financial matters.  
  
 Mr. Atit Gandhi aged 32 years is the executive director of the company. He is a Bachelor of Commerce. He is working with the company since last 14 years and is looking after the marketing activities of the Silvassa facility.
7. 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.
8. Members holding shares in physical form are requested to consider dematerializing the same.





## 23rd Annual Report

9. 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.
10. 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, 2009 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.
11. 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.

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

#### **ITEM NO. 6 & 7**

##### **Appointment of Directors' relative:**

Mr. Sujay Jhaveri and Mr. Mrunal Jhaveri who have been selected by your Board of Directors to hold the position of Vice President (Commercial) and Vice President—Klin Wrap Marketing respectively in the Company inter alia at a gross salary of Rs. 25765 and Rs. 28765 per month respectively are relatives of Mr. Sandeep Jhaveri and Mrs. Rajul Jhaveri, who are Directors of your Company and clause (b) of sub-section (1) of Section 314 of the Companies Act 1956 requires consent of the shareholders by way of Special Resolution where a relative of a Director hold or continue to hold any office or place of profit in the company which carries monthly remuneration of not less than Ten Thousands rupees or as prescribed from time to time in the Companies Act, 1956 and Rules made thereunder.

Both relatives are qualified persons having ability to justify themselves with the said positions. Your directors are definite that inclusion of said relatives in the senior cadre of your company will be to the immense benefit of the company. None of the Directors except Mr. Sandeep Jhaveri and Mrs. Rajul Jhaveri are concerned or interested in the said Resolution.

#### **ITEM NO. 8**

##### **Revision in remuneration:**

The appointment and payment of remuneration to Mr. Sandeep Jhaveri, Managing Director of the company for tenure of 5 years i.e. with effect from 19.10.2006 to 18.10.2011 was approved by the members in the Annual General Meeting held on 8<sup>th</sup> December 2006.

Mr. Sandeep Jhaveri, Managing Director of the company is the key guiding force and apart from looking after the day to day operations of the company, he is actively involved in designing future growth prospects of the company from all perspectives. The company has made tremendous progress under his guidance and supervision.

Seeing the increase in responsibilities and the complexities of the business, in the current market conditions the present remuneration of Managing Director seems low. The increase in remuneration and terms were recommended by the remuneration committee in their meeting held on 19.05.2008.

Members of the company had already approved revision in remuneration payable to Mr. Sandeep Jhaveri, Managing Director with effect from 1<sup>st</sup> April 2008 till the remaining period in their meeting held on 8<sup>th</sup> September 2008. Due to inadequacy of profits for the financial year 2008-09 the paragraph 1 (B) of Section II of Part II of schedule XIII requires members' approval for payment of said remuneration for three years by way of Special Resolution. In addition of above the board also sought members' approval for payment of remuneration upto Rs. 36,00,000 P.A. for the financial year in which the company earn adequate profit during the currency of the tenure of the Managing Director. Your directors recommend the resolution for your approval. None of the directors except Mr. Sandeep Jhaveri and Mrs. Rajul Jhaveri are concerned or interested in the above resolution.

## Jhaveri Flexo India Limited

Additional information as required under Schedule XIII of the Companies Act, 1956 as given below:

### I. General Information:

#### 1. Nature of Industry-

The Company is engaged in the production of various types of flexible films.

#### 2. Date of commencement of commercial production-

21<sup>st</sup> May 1985.

#### 3. In case of new companies expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus-

Not applicable.

#### 4. Financial Performance based on given indicators as per audited financial results for the year ended 31<sup>st</sup> March, 2009-

Particulars	(Rs. In Lakhs)
Sales & Other Income	17129.25
Net Profit after Tax as per P&L Account	100.21
Cash profit after Tax	764.94

#### 5. Export Performance and Net Foreign Exchange Collaborations:

The FOB Value of Exports of the Company for the year ended 31<sup>st</sup> March 2009 was Rs. 1.41 Crores.

#### 6. Foreign investments or collaborators, if any:

None

### II. Information about the appointee:

#### 1. Background details, job profile and suitability-

Mr. Sandeep Jhaveri aged 49 years is a promoter and managing director of the Company. A commerce graduate from the University of Mumbai he started his career at the young age of 17 and has created many success stories in his 32 years of business carrier.

His eyes for detailing have come in handy for creating a cutting edge for Company with its customers and suppliers. He is the key guiding force for the uninterrupted and sustained growth of the Company.

#### 2. Past remuneration during the financial year ended 31<sup>st</sup> March 2009-

The remuneration paid to above Director in the previous financial year 2007-08 is as under:

Name of Director	Salary	Perquisites & Allowances	Total
Mr. Sandeep Jhaveri	1092000	119360	1211360

#### 3. Recognition or Awards-

There was no external Recognition or Award.

#### 4. Remuneration Proposed-

The remuneration proposed to above Director is as under:

Name of Director	Salary	Perquisites & Allowances	Total
Mr. Sandeep Jhaveri	2685600	314400	3000000