



TOPWORTH

GUJARAT FOILS LIMITED



20th Annual Report 2011-12



Conversion Plant



Aluminium Sheet Coils

Corporate Information

Board of Directors

Mr. Abhay Lodha
Executive, Chairman and Managing Director

Mr. Prasenjit P. Datta
Executive, Whole Time Director

Mr. Satish Chandra Gupta
Non-Executive, Independent Director

Mr. Kanchan Murarka
Non-Executive, Non-Independent Director

Mr. Surender Kumar Tuteja
Non-Executive, Independent Director

Mr. Rahul B. Chhajed
Non-Executive, Independent Director

Mr. Viresh Mathur
Non-Executive, Independent Director

Mr. Sanjiv Goel
Non Executive, Non-Independent Director

Registered Office

Plot no 3436-3439, Chhatral, G.I.D.C.,
Phase IV, Taluka-Kalol,
Dist-Gandhinagar, Gujarat-382729
Tel: +91-2764-233656/233657
Fax: +91-2764-233657

Corporate Office

308, Ceejay House,
Dr. A.B.Road,
Worli, Mumbai-400018.
Tel: +91-22-24812000
Fax: +91-22-24812122
Email: shareholders@gujaratfoils.com
Website: www.gujaratfoils.com

Registrar and Share Transfer Agents

Link Intime India Private Limited
303 , 3rd floor, Shoppers Plaza-V,
Opp. Municipal Market,
Off. C. G. Road, Navrangpura
Ahmedabad- 380009
Tel: +91-79-26465179
Fax: +91-79-26465179
Email: ahmedabad@linkintime.co.in

Company Secretary & Compliance Officer

Mr. Amit Kumar Gupta

Auditors

H.R. Agarwal & Associates
Chartered Accountants
Kolkata

Banker

Allahabad Bank
Oriental Bank of Commerce
State Bank of India
Dena Bank
IDBI Bank
Union Bank of India
Bank of India

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CMD Letter to Shareholders



Dear Shareholders,

The year gone by was among the most challenging in recent times due to a range of business, economy and political factors. The Global economy is seeking to recover from uncertainties centered on the European Union. These factors have impacted overall demand globally which ultimately also impacted demand domestically. Nevertheless we know that the fundamentals of Indian economy remain strong. The GDP growth at 6.5%, though sharply down from the levels that prevailed a couple of years back, still has potential to revive.

Even under these tough times, your Company delivered sustained operating and financial results from its business. During the year, the total revenue of your Company increased by 16.03% to reach at ₹ 26,122.73 Lacs from a level of ₹ 22,513.53 Lacs. This has been achieved mainly on account of increase in production volumes across various product ranges.

At your Company's Chhatral plant, we have successfully commissioned a state of art conversion facility for pharmaceutical applications. We also have received the prestigious Drug Master File Certification from the U.S.F.D.A. located at Washington. This will enable your Company to provide packaging materials to Indian as well as Multi National pharmaceutical companies for their final products. In this short span of time your Company has been certified as vendors to the top pharmaceutical companies in India. We have also entered into list of top five aluminum based packaging companies in the country.

With a view to enhance shareholder's value, we have forayed into the segment of niche products in aluminum foil and today our products are acceptable to the food & confectionary industries. The performance of our Achenbach Mill has been considerably enhanced by modification in the processes of aluminum cold rolling. These modifications had enabled us to have improvement in productivity of aluminum foil based products.

While global recession has hit Indian shores also and consequently our country also is in the midst of an economic slowdown. Even then your Company with a natural mix of value added products has sustained itself in very difficult times and I would like to thank our bankers, investors as well as vendors and esteemed customers, who had stood by our side in these tiring times.

For the future, your Company, which believes in ethical values, is looking actively at expansion in the aluminum foil plant after the successful commissioning of the projects at Chhatral. We are looking to establish ourselves as a prime manufacturer, providing all kinds of packaging solutions. We also understand the need for backward integration of our facilities and we are actively evaluating the possibilities of such integration.

Your Company's Consumer Products Business (CPB) division is well poised to grab the opportunity of the growing consumption at households and the food service businesses. It has extended variant offering in its portfolio to attend to all price /volume user segments. The business unit is currently restructuring its sales and distribution set up and organization structure to make the set up more efficient at pan India level. This intervention will have immediate impact on profitability of the business.

We are strong believers of value proposition and the requirements of Human Resources and accordingly your Company has been able to put together a dedicated team of professionals and the same had added comprehensively to the total revenue of the Company.

I take this opportunity to place on record our gratitude to our banks and financial institutions for their continuous encouragement and support. On behalf of the Board and our management team, I extend my gratitude to all our employees for their immense faith in our vision and for sharing our passion, demonstrated in their commitment to achieve all goals set out by the Company. I also place on record my sincere thanks to all the shareholders for their continued support and confidence in the Company's management.

Warm Regards,

Abhay Lodha
Chairman and Managing Director

Directors' Report

To,
The Shareholders,

Your Directors have pleasure in presenting to you this 20th Annual Report of your Company together with the Audited Accounts for the Financial Year ended on 31st March, 2012.

Financial Results

Your Company's financial performance during the year has been encouraging and summarised below:

(₹ In Lacs)

Particulars	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
Gross Income from Operations	27,902.53	24,206.16
Less: Excise Duty	1,779.80	1,692.63
Net Income from Operations	26,122.73	22,513.53
Profit before Depreciation, Finance cost and Taxation	3,626.66	2,300.74
Less: Depreciation and Amortisation	977.93	792.27
Profit before Finance cost and Taxation	2,648.73	1,508.47
Less: Finance Cost	2,094.95	1,100.02
Profit before Taxation	553.78	408.45
Tax Expense		
- Current Tax	100.07	84.85
- Deferred Tax	221.57	137.06
Profit after Taxation	232.14	186.54

Review of Operations

During the year under review, the Company's Net Income from operations stood at ₹ 26,122.73 Lacs as compared to ₹ 22,513.53 Lacs in the previous year, thereby registering a growth of about 16.03%. Profit before finance cost and taxation for the year under review stood at ₹ 2,648.73 Lacs against ₹ 1,508.47 Lacs in the previous year, thereby registering a growth of about 75.59%. Profit after Tax registered a growth of about 24.45% and increased from ₹ 186.54 Lacs to ₹ 232.14 Lacs.

Dividend

Keeping in mind the capital requirement for future growth of the Company and to conserve higher resources for operations of the Company, your Directors do not recommend dividend for the Financial Year ended 31st March, 2012.

Share Capital

The Authorised Share capital of the Company remains unchanged during the Financial Year under review.

The Company had earlier forfeited 60 (Sixty Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each, for non-payment of the Call Money of ₹ 5/- (Rupees Five Only) per Equity Share. Further, pursuant to the provisions of the Articles of Association of the Company, the Board of Directors of the Company had cancelled the said forfeited 60 (Sixty Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each, for non-payment of Call Money of ₹ 5/- (Rupees Five Only) per Equity Share, aggregating to ₹ 300/- (Rupees Three Hundred only).

Public Deposits

During the year under review, the Company has not accepted/renewed any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, is presented in a separate section forming part of the Annual Report.



Directors

During the year under review, Mr. Vimal Kumar Somani, Mr. Govind N. Shah and Mr. Parmod H. Jain have resigned from Directorship of the Company on 14th May, 2011, 14th July, 2011 and 30th November, 2011 respectively. Further, Mr. Vijay Chadha and Mr. Pradeep J. Saxena have resigned from directorship of the Company on 10th July, 2012. The Board places on record its appreciation for their valuable contribution during their tenure as Director of the Company.

During the current year, Mr. Surender Kumar Tuteja and Mr. Rahul B. Chhajed were appointed as Additional Directors in the meeting of the Board of Directors held on 11th April, 2012 and 10th July, 2012 respectively. Further Mr. Viresh Mathur and Mr. Sanjiv Goel were appointed as Additional Directors in the meeting of the Board of Directors held on 14th August, 2012. All these additional Directors would hold office till the ensuing Annual General Meeting. The Company has received notice in writing from members proposing their candidature, for the office of Director.

Mr. Kanchan Murarka, Director of the Company, who is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Brief resume of the Directors proposed to be appointed / re-appointed as stipulated under clause 49 of the Listing Agreement with the Stock Exchange are given in the notice convening this Annual General Meeting.

The above appointments/re-appointments form part of the notice convening the Annual General Meeting and the resolutions are recommended for your approval.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, your directors state that:

- in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable Accounting Standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same.
- the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2012 and of the profit of the Company for the year ended as on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Auditors

M/s H.R. Agarwal & Associates, Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment as Statutory Auditors of the Company to hold office from the conclusion of ensuing Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company and to audit financial accounts for the financial year ending on 31st March, 2013.

Auditors' Observations

Observations of the Auditors, read together with the relevant Notes to the Accounts and Accounting Policies are self explanatory.

Cost Auditor

Pursuant to Section 233B (2) of the Companies Act, 1956, the Board of Directors on the recommendation of the Audit Committee had appointed M/s P. M. Nemat & Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2011-2012 and 2012-2013, pending the approval of such appointment from the Central Government.

M/s P. M. Nemat & Associates, Cost Accountants, have confirmed that their appointment, is within the limits of section 224 (1B) of the Companies Act, 1956 and have also certified that they are free from any disqualifications specified under Section 233B (5) read with Section 224 (3) and Section 226 (4) of the Companies Act, 1956.

The Audit Committee has also received a Certificate from the Cost Accountants certifying their independence and arm's length relationship with the Company.

The Cost Audit report for the Financial Year 2011-12 shall be filed with Ministry of Corporate Affairs within prescribed time limit.

Subsidiary Companies

The Company does not have any subsidiary Company.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, 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 forming part of this Annual Report and separately attached.

Personnel

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.

During the year under consideration, there were no employees, whose particulars are required to be furnished under the provisions of Section 217(2A) of the Companies Acts 1956 read with the rules thereunder.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are set out in Annexure "A" to this report.

Acknowledgements

Your Directors 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.

Your Directors also 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.

For and on behalf of the Board

Place:- Mumbai
Date:- 14th August, 2012

Abhay Lodha
Chairman and Managing Director

Annexure “A” to the Report of the Directors

Particulars as per the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the Year ended 31st March 2012.

A. Conservation of Energy:

The industrial sector is a major energy consuming sector in India and uses about 50% of the total commercial energy in the country. The manufacturing industries produce 10% of total utility generation through captive power plants, most of which is consumed in-house. In the developing countries like India, where on one hand demand & supply situation of energy is un-favourable; on another hand there is acute pressure to reduce the cost to be competitive at market place. In such situation industries like ours are very cautious on energy conservation as this gives following direct opportunities:

- Conservation of energy helps us to reduce the operating cost.
- Due to conservation of energy pollutant discharge during power generation are also reduced.
- It is also a way for serving the nation as “every single unit of power saved is considered as equivalent unit of power generated without any generation cost & pollution.”

Your Company strongly believes in conservation of energy for maintaining clean environment which is our obligation to mother earth. This is achieved by controlling wastages and not polluting air and water used for production purpose. Since Company uses electricity & Natural Gas for operation of plant and equipment’s, hence no harmful gas or liquids are generated. Automatic machines are regularly serviced and preventive maintenance helps us to keep energy (power) consumption at lower side. Consumption of raw material, its movements and wastages are highly controlled as per technical norms adopted by the Company to minimise cost and keep the environment clean and healthy. Also as a part of Green Energy Initiative, we have already started generation of energy through Wind Mill.

Form ‘A’

A) Power and Fuel Consumption	UOM	2011-2012	2010-2011
1) Electricity			
a) Purchased			
Unit	(KWh)	6,234,850	6,063,570
Total Cost	(₹ in Lacs)	426.67	386.48
Cost / Unit	(₹)	6.84	6.37
b) Own Generation			
i) Through Diesel Generator Unit		NIL	NIL
ii) Through Steam Turbine Generation Units		NIL	NIL
iii) Through Wind Mill			
Unit	(KWh)	872,007	1,117,119
Total Cost	(₹ in Lacs)	57.38	67.14
Cost / Unit	(₹)	6.58	6.01
2) Coal			
Quantity	Tonnes	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Average Rate	(₹)	NIL	NIL
3) Furnace Oil			
Quantity	K. Ltrs	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Average Rate	(₹)	NIL	NIL
4) Others/Internal Generation			
Quantity	K. Ltrs	NIL	NIL
Total Cost	(₹ in Lacs)	NIL	NIL
Rate/ Unit	(₹)	NIL	NIL

B. Technology Absorption, Research & Development and resultant benefits:

Your Company believes in continual improvement through up-gradation of technology and adoption of latest manufacturing techniques. Your Company constantly upgrades / refurbishes its equipment's to offer best quality products and minimise operating cost to improve the productivity & profitability. Your Company feel proud to announce that its processes at State of Art Achenbach Foil Mill facility had been successfully stabilized during the Financial Year 2011–12. As a result of this the Company had been successfully able to roll light gauge foil at our facility which had been accepted in the market.

Market research and customer feedbacks are used to design and develop new/improved Products. This provides edge in retaining existing customers and gaining new customers for value added products. As a result of Market Research, the Company had decided to set up State of Art Foil Converting Plant at existing location, which was also commissioned successfully during the Financial Year 2011–12. The output from this facility had started producing the quality value added products to cater the Pharma industry. Within 6 month from the inception of this State of Art facility, the Company had been able to obtain the prestigious certificate of Registration from U.S.F.D.A. The salient feature of this facility is as under:

- State of Art equipment's for VMCH Coating & LDPE Lamination.
- State of Art equipment's for Gravure Printing with Web Video, Auto Registration & Reverse printing facility.
- In house facility for Shellac / HSL preparation.
- State of Art Ventilation System consists of AHU / Air Washers / Chillers.
- Special Testing Equipment's like F.T.I.R. for testing the Input & Output.

As a result of these technological up-gradations, various direct Pharma customers had been added in the fold of the Company during the Financial Year 2011-12.

C. Foreign Exchange Earnings & Outgo**(₹ in Lacs)**

Particulars	2011-2012	2010-2011
Foreign exchange earned	873.65	373.64
CIF value of imports	3,006.35	1,698.26
Expenditure in foreign currency	1.93	82.04

For and on behalf of the Board

Place:- Mumbai
Date:- 14th August, 2012

Abhay Lodha
Chairman and Managing Director

Management Discussion and Analysis

Industry Structure & Developments

Indian Aluminium Foil Industry's growth was driven by the strong performance of end-user markets of Fast Moving Consumer Goods ('FMCG') and Pharmaceuticals Industries, in which domestic consumption increased significantly and which resulted in greater demand for Aluminium Foil Packaging, one of the most preferred flexible packaging category.

Aluminium Foil Packaging recorded robust sales growth during the Financial Year 2011-12, supporting the overall growth of the sector.

There are around 7 Major Aluminium Foil manufacturers in India with rolling capacity of around 6000 tons per month to cater to the total demand of around 8000 tons per month in FMCG, Pharmaceuticals and other Packaging Industries. In the present scenario, market demand of the product is growing with a rate of 12% p.a. Because of its barrier properties in preventing exposure to light, oxygen, moisture, odours, flavours and specifically bacteria, the Aluminium foil has been a primary material in protective packaging. Aluminium foils are being used extensively and regularly for packaging of various medicines, tablets and capsules by pharmaceutical industry. The food packaging industry also uses extensively Aluminium foils for packaging various foods so as to make foods safe and healthy.

Aluminium Industry in India is one of the leading Industries in the Indian economy. The growth of the Aluminium Metal Industry in India would be sustained by the diversification and exploration of new horizons for the Industry.

India has huge deposits of natural resources in the form of minerals like copper, chromite, iron ore, bauxite, gold etc. The Indian Aluminium Industry falls under the category of non-ferrous based which include the production of copper, tin, brass, lead, zinc aluminium and manganese. The main operations of Indian Aluminium Industry is mining of ores, refining of the ore, casting, alloying, sheet and rolling into foils. India has to develop Research & Development to assist production and improve quality. The Indian Aluminium Industry has a bright future in the global market to cater to international need for Aluminium which is used widely for its several applications.

The disposable food packing / consumption occasion products are on an aggressive growth path in India over the last decade. It will continue to do so across semi urban areas. The market has three broad components: retail trade, wholesale modern trade (retail chains), and food service (hotels and restaurants). The industry is highly fragmented and has many local / regional entrepreneurs; however the industry structure has been primarily unorganized. The entry barriers are typically low for SRC (Aluminium semi rigid containers and EPS (thermocool) products.

There are very few "Complete Disposable Products" FMCG Company in India. The Company through its Consumer Product Business ("CPB") division strategizes to have its footprint as the leading Company in India in the near future.

Opportunities & Threats

Opportunities

The Indian Healthcare Industry is expected to reach USD 28 billion by 2020 as reported by an Industry body. Healthcare industry is believed to be the next big industry after IT and this will result in growth of Indian Pharma Packaging industry. India is a growing market for Aluminium Foil Industry. Sourcing of Aluminium Foil for packaging of Pharma Products & aseptic packaging are controlled by very few companies like Hindalco, Ess Dee etc. Majority of big foil consumers are relying heavily for their foil supplies on import. Emergence of Gujarat Foils Limited ("GFL") with State of Art Foil Rolling & Converting facility with strong technical team to provide after sales service gives GFL edge over their competitors in the market. At this juncture where there is big demand supply gap for supply of good quality light gauge foil in Indian market, GFL has been positioned very strongly to bridge the gap.

Growth in consumer spend, growing rural demand, changing demographics, emergence of fast growing market for FMCG and food products and quest for quality products are expected to increase the demand for Aluminium foils in flexible packaging industry in medium to long term. To cater to the increased demand of Aluminium foils in Flexible Packaging Industry, GFL is positioned very strongly and it is expected to run its plant at full capacity.

With the changes in life style of people in Urban and Semi Urban areas, demand for house foils for household food packaging is growing at a good pace. Consumer Products Business ("CPB") segment of the Company currently caters to the food packing needs by marketing various products, namely House Foils and Cling Films, under the brand name "Nutriwrap". The demand for these and similar disposable products are increasing day by day and thereby giving a very good / synergistic opportunity to the Company to increase its product portfolio in CPB segment.

Threats

Present duty structure on foil import & low cost imports of Aluminium Foil from China is a major threat to local industry. Also Supplies of good quality foil stock & its pricing in local market is also a major area of concern.

Under the CPB segment, threat primarily is from competitors who are trying to grab market share using the 'very low rate to trade' tool. The Company understands that the same is neither desirable nor sustainable.

Company & Business Overview

GFL is presently dealing in Manufacturing and supply of Aluminium Sheet, Foils, Strips, Containers for food, pharmaceuticals & packaging applications.

GFL team strongly believes in Company's mission statement:

"To Add Value and create wealth by Ethical and Innovative means to improve quality of life for all Stakeholders and Society at large."

Here as advised in our mission statement, we at GFL strictly adhere to the ethical way of doing the business. We don't entertain dubious Pharma companies on principle.

Considering the advantage of Aluminium Foil in preventing exposure to light, oxygen, moisture, odours, flavours and specifically bacteria; the pharmaceutical industry uses Aluminium Foil extensively and regularly for packaging of different medicines such as tablets and capsules etc. They also form the seal under the bottle top for several bottled medicinal mixtures in syrups or bundled pill bottles. In view of shorter dosages and less recuperative time these days as prescribed by doctors the importance of aluminium based foil packaging is the uppermost today.

In order to achieve better value addition we had completed our expansion project of in house conversion for supplies to the Pharmaceutical industry during the F.Y. 2011 - 2012. In addition to this to gain a foothold in the direct Pharma industry, GFL had set up a State of Art Battery of Gravure Printing Machines with special capability to print on both sides of the Aluminium Foils which are processed in the Laminators & Coaters. This type of printing facility can be used by pharma companies as anti-counterfeit against spurious drugs supplied in market. These coupled with Surface Slitters as well as Doctoring/ Rewinding machines make GFL a proven quality supplier to the Pharmaceutical Industry.

The above mentioned facility with the availability of foil from the existing state of the art Achenbach Mill which is in the same premises had ensured that GFL is one of the most preferred vendors to the Pharmaceutical Industry. Considering the limited availability of such kind of facilities today in the country, this has enabled GFL to considerably enrich the product mix and bring about better realisation for the Company.

The list of direct Pharma customers added during the Financial Year 2011–12 are evidence of strong GFL positioning in the Indian Foil Market.

List of direct Pharma Customers added during the Financial Year 2011–12.

- 1) Lupin
- 2) Sun Pharma
- 3) Macleods
- 4) Aurobindo
- 5) Cipla
- 6) Cadila Pharma
- 7) Maxheal
- 8) Kina Pharma
- 9) Ayrton Drugs
- 10) Emzor Pharma
- 11) Inventia / Pharose Remedies
- 12) Impact Labs
- 13) Anglo French
- 14) KAPL
- 15) Hetero Drugs
- 16) Major Pharma converters i.e. Protech, Supermak, Swastik, Roto Group

Under the Consumer Products Business ("CPB") segment, the Company is engaged in the manufacturing and marketing of House Foils, SRC and Cling Film over three years and has managed to have its presence felt strongly in North India retail market



and Modern Trade (retail chain businesses). The demand for disposable food packing /serving products is increasing and the Company foresees huge opportunity. The Company is focusing on introducing new products in the CPB segment leading to product portfolio enhancement. It is also active in the process of strengthening its Sales and Distribution system across India so as to optimize available business opportunity. The Company also sees opportunities in export markets.

Product portfolio enhancement will be guided by business volume, growth and synergy with Sales and Distribution set up. Disposable products' portfolio has been identified as a good synergistic opportunity. We are actively exploring outsourcing of same and marketing under our brand name. These products have pan India opportunities and growth rate is around 20 % and is expected to grow similarly for the next 10 years.

Risks and Concerns

In the near term, inflation, high interest rates, poor monsoon, rising commodity prices and perceived slowdown in the economy are the major concerns.

High growth rate in the Aluminium Foil Packaging continues to attract new entrants. Existing manufacturers are also adding capacities and upgrading their facilities. As a consequence, competitive pressure continues to intensify leading to margin erosion.

GFL is responding to the above risks through its continuous efforts to contain costs and seek new customers and new markets. The Company also undertook review of every business, realigned specific strategies, focused on internal efficiencies and improvement in customer service.

Union budget 2012-13 has imposed additional 2% excise duty and service tax, which is being addressed strategically.

Rapid industrialization has brought in its wake several problems. One of them is "industrial risk", which is taking newer and newer forms ever. With mechanical, electrical, chemical and radiation hazards besetting the industrial world, the Risks to Life, Limb, Health and Wealth are common in this sphere of economic activity. Risks are present in every corner and under every stone. Industrial risks may arise while handling, storage or because of operational errors and violation of accepted safety procedures. The industry, therefore, has to be always prepared for such eventualities.

GFL had identified major focus areas for Risk Management to ensure organisational objectives are achieved and has a well defined structure and proactive approach to assess, monitor and mitigate risk associated. This is periodically examined and updated to tackle prevailing operating conditions, in the area of market competition, raw material sourcing, energy availability & cost and hazard management. Special attention is given for the replacement of old and obsolete electrical equipment, instrumentation, electric cables etc.

In addition to this, GFL has been accredited ISO 18001 : 2007 (Occupational Health Safety Assessment Series-Ohasas) Certified by TUV. This certification provides us a platform to capture, monitor, implement & control safety / risk aspect of organization.

All other risks such as technology, investments, people etc., need to be identified and managed.

GFL has an effective risk management and minimization procedure along with a structure in place to identify and mitigate various identifiable risks from time to time. Risks are reviewed and controls are initiated with specific responsibility assigned to concerned personnel.

Quality Management

GFL had been accredited Certificates of Registration for following from renowned agencies:

Certification	System	Certifying Agency
ISO 9001:2008	Management System	TUV
ISO 14001:2004	Environmental Management System	TUV
ISO 18001:2007	Occupational Health & Safety Management System	TUV
D.M.F. Type – III	D.M.F. No. Assigned : 25725 for Strip Foil	U.S.F.D.A.
D.M.F. Type – III	D.M.F. No. Assigned : 25585 for blister Foil	U.S.F.D.A.

Internal Control Systems and their Adequacy.

The Company views Internal Control as a tool for improving operational performance and ensuring reliability of reporting mechanism. The Company is equipped with adequate internal control systems for its business operations which determine the efficiency of its operational strengths in financial reporting and ensure compliance with applicable laws and regulations. The internal control systems are supplemented by extensive audits conducted by internal auditors. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with

applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization, and ensuring compliance of corporate policies.

Human Resources and Industrial Relations

The Company understands that employees are vital and valuable assets. It believes in creating a favorable work environment which can lead to innovative ideas. The Company has an optimum process of recruitment and awarding its human resource which leads to attraction and retention of highly qualified and productive individuals in the organization. This selection process is continually assessed and refined based on performance tracking of past recruits. The Company further trains the individuals through training programmes. The Company believes in promoting and nurturing work environment which is conducive to the development and growth of an individual employee, by employing the best HR practices such as performance management, reward and recognition policy, open work culture and effective employee communication.

The total number of employees in the Company stands at 403 (including employees employed on contract basis).

Financials in Brief 2011-12

(A) Results of Operations

Revenue from operations

The total revenue from operations of the Company stood at ₹ 26,122.73 Lacs as compared to ₹ 22,513.53 Lacs in the previous year thereby registering a growth of 16.03%.

Employee Benefit Expenses

Employee benefit expenses rose by about 94.17% to ₹ 334.32 Lacs as compared to ₹ 172.18 Lacs in the previous year. This was mainly because of increase in the number of employees appointed during the year under review.

Finance Cost

Finance Cost of the Company stood at ₹ 2,094.95 Lacs as compared to ₹ 1,100.02 Lacs in the previous year. This increase was mainly due to increase in the borrowing of the Company towards operation of the Pharma Division and for the purpose of its current operations

Depreciation and Amortization Expenses

The depreciation for the year under review was ₹ 977.93 Lacs as compared to ₹ 792.27 Lacs in the previous year. This has increased due to increase in the Tangible Fixed assets of the Company after the Pharma division has started the commercial operations.

Profit before Tax

Profit before tax of the Company stood at ₹ 553.78 Lacs as compared to ₹ 408.45 Lacs in the previous year, thereby registering a growth of 35.58%.

Profit after Tax

Profit after tax of the Company stood at ₹ 232.14 Lacs as compared to ₹ 186.54 Lacs in the previous year, thereby registering a growth of 24.45%.

(B) Financial Position

Share Capital

During the year under review, the Authorized Share Capital of the Company remained unchanged to ₹ 1,500.00 Lacs divided into 15,000,000 (previous year 15,000,000) Equity Shares of ₹ 10/- each.

The Paid Up Share Capital of the Company remained unchanged to ₹ 820.18 Lacs divided into 8,201,810 (previous year 8,201,810) Equity Shares of ₹ 10/- each.

Reserves and Surplus

The Company's reserves and surplus increased to ₹ 2,070.80 Lacs as on 31st March, 2012 as compared to ₹ 1,838.65 Lacs as at 31st March, 2011.



Long Term Borrowings

During the year under review, the Company's Long Term Borrowings stood at ₹ 7,245.38 Lacs compared to ₹ 5,301.37 Lacs in the previous year. The increase was mainly due to borrowing for expansion project of the Company.

Short Term Borrowings

During the year under review, the Company's Short Term Borrowings stood at ₹ 10,307.80 Lacs compared to ₹ 5,483.18 Lacs in the previous year. The increase was mainly due to increase in borrowing for working capital and term loan requirement of the Company.

Trade Payable

The Trade payable of the Company decreased to ₹ 2,395.62 Lacs from ₹ 3,139.40 Lacs in the previous year as the Company has paid the same by availing working capital borrowings.

Fixed Tangible Assets

The net block of Fixed Tangible Assets increased to ₹ 11,454.03 Lacs as compared to ₹ 8,610.40 Lacs in the previous year due to additions of new fixed assets during the year under review.

Capital work-in-progress

During the year under review, the Capital WIP decreased to ₹ 800.72 Lacs as compared to ₹ 2,844.16 Lacs in the previous year. This decrease was mainly due to capitalization of capital expenditure relating to completed expansion project of the Company.

Inventory

The Company's inventory stood at ₹ 7,839.12 Lacs as on 31st March, 2012 as compared to ₹ 4,706.87 Lacs in the previous year. The increase was mainly to meet the requirements of additional demand of the Company's Product.

Trade Receivables

The trade receivables of the Company increased to ₹ 8,617.74 Lacs from ₹ 5,081.19 Lacs in the previous year in line with growth in the business along with tight liquidity position in the overall receivable cycle of the industry.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, expectations and estimates regarding future performance may be "forward looking statements" within the meaning of applicable securities laws and regulations and are based on currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to future events and uncertainties, which could cause actual results to differ materially from those that may be indicated by such statement.

Corporate Governance Report for the Financial Year 2011-12

(As required under clause 49 of the Listing Agreement entered into with Bombay Stock Exchange)

1. Company's Philosophy on Code of Governance:

Gujarat Foils Limited, the Corporate Governance objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability and ethical conduct of business for meeting obligation towards shareholders and other stakeholders such as Customers, Vendors, Employees and Financiers and to the society at large. The Company believes in achieving its goals, which result in enhancement of Shareholders' value through transparency, professionalism and nurture these core values in all aspects of its operations.

2. Board of Directors

Composition

The Company has a broad based Board and had a fair representation of Executive, Non Executive and Independent Directors during the financial year 2011-2012. As on 31st March, 2012, the Board of Directors of the Company consisted of 6 (Six) directors, 3 (Three) of whom were Managing and Whole Time Directors. The remaining 3 (Three) directors were Non-Executive Directors with 2 (Two) being Independent Directors. The Directors possess experience in various fields that encompasses manufacturing, accounts, finance and law.

Board Procedure

In advance of each meeting, the Board is provided with relevant information on various matters related to working of the Company. The agenda is prepared in consultation with the Chairman of the Board. The agenda for the meetings of the board together with the appropriate supporting documents are circulated well in advance of the meeting. Among other matters Board discussions generally relate to Company's business, financial results, review of the reports of the Audit Committee and compliance with their recommendation(s), suggestion(s), non compliance of any regulation, statutory or Listing requirements etc.

Board Meetings

The Board of Directors met 13 (Thirteen) times during the financial year 2011-2012 on 14th May, 2011, 16th May, 2011, 26th May, 2011, 22nd June, 2011, 14th July, 2011, 25th July, 2011, 10th August, 2011, 23rd August, 2011, 22nd September, 2011, 14th November, 2011, 16th December, 2011, 20th January, 2012, 13th February, 2012. As stipulated, the gap between two board meetings did not exceed four months.

The Board's composition, attendance and their directorship / committee membership, chairmanship in other Companies as on 31st March, 2012 is given below:

Name of Director	Category of Director	Attendance at		Directorships in Companies, Membership/ Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships ¹	Committee Memberships ²	Committee Chairmanship ²
Mr. Abhay Lodha	Promoter, Chairman & Managing Director	8	No	1	Nil	Nil
Mr. Prasenjit Datta	Executive, Whole Time Director	13	Yes	Nil	Nil	Nil
Mr. Vijay Chadha ⁹	Executive, Whole Time Director	13	Yes	Nil	Nil	Nil
Mr. Vimal Kumar Somani ³	Executive, Managing Director	1	N.A.	1	Nil	Nil
Mr. Satish Chandra Gupta	Non Executive, Independent Director	4	No	10	7	1
Mr. Pradeep J. Saxena ¹⁰	Non Executive, Independent Director	4	No	2	Nil	Nil
Mr. Kanchan Murarka ⁴	Non Executive, Non-Independent Director	12	No	Nil	Nil	Nil

Name of Director	Category of Director	Attendance at		Directorships in Companies, Membership/ Chairmanship in Committees		
		Board Meeting	Last AGM	Other Directorships ¹	Committee Memberships ²	Committee Chairmanship ²
Mr. Govind N. Shah ⁵	Non Executive, Non-Independent Director	5	N.A.	Nil	Nil	Nil
Mr. Parmod Kumar Jain ⁶	Non Executive, Independent Director	10	Yes	Nil	Nil	Nil
Mr. Surender Kumar Tuteja ⁷	Non Executive, Independent Director	N.A.	N.A.	12	8	4
Mr. Rahul B. Chhaged ⁸	Non Executive, Independent Director	N.A.	N.A.	Nil	Nil	Nil
Mr. Viresh Mathur ¹¹	Non Executive, Independent Director	N.A.	N.A.	4	4	Nil
Mr. Sanjiv Goel ¹²	Non Executive, Non-Independent Director	N.A.	N.A.	Nil	Nil	Nil

Notes:

1. Directorships in respect of Private Limited companies, Section 25 companies and Foreign companies have not been included.
2. Position in Audit Committee and Shareholders' Grievance Committee are considered for the purpose.
3. Resigned from Directorship of the Company w.e.f. 14th May, 2011.
4. Appointed as Director of the Company w.e.f. 16th May, 2011.
5. Resigned from Directorship of the Company w.e.f. 14th July, 2011.
6. Resigned from Directorship of the Company w.e.f. 30th November, 2011.
7. Appointed as Director w.e.f. 11th April, 2012.
8. Appointed as Director w.e.f. 10th July, 2012.
9. Resigned from Directorship of the Company w.e.f. 10th July, 2012.
10. Resigned from Directorship of the Company w.e.f. 10th July, 2012.
11. Appointed as Director of the Company w.e.f. 14th August, 2012.
12. Appointed as Director of the Company w.e.f. 14th August, 2012.

None of the Directors is a member of more than 10 committees and chairman of more than 5 committees (as specified in clause 49) across all the Companies in which they are Directors.

3. Audit Committee

Composition and attendance:

The Audit Committee had requisite number of Independent Directors. The Company Secretary acted as Secretary of the Audit Committee. The necessary quorum was present at all the meetings. During the year under review, the Audit Committee met 4 (Four) times on 14th May, 2011, 10th August, 2011, 14th November, 2011, 13th February, 2012. As stipulated, the gap between two committee meetings did not exceed four months.

The composition of the Audit Committee and the Attendance of Directors at its meeting is given hereunder:

Name of the Committee member	Designation	No. of Meetings	
		Held during their tenure	Attended
Mr. Pradeep J. Saxena ³	Chairman (Independent Director)	4	4
Mr. Satish Chandra Gupta	Member (Independent Director)	4	4
Mr. Vimal Kumar Somani ¹	Member (Managing Director)	1	1
Mr. Vijay Chadha ²	Member (Whole Time Director)	4	4
Mr. Surender Kumar Tuteja ⁴	Member (Independent Director)	N.A.	N.A.
Mr. Rahul B. Chhaged ⁵	Member (Independent Director)	N.A.	N.A.

Notes:

1. Upon resignation from Directorship of the Company, ceased to be member of the Audit Committee w.e.f. 14th May, 2011.
2. Appointed as member of Audit Committee w.e.f. 14th May, 2011 and ceased to be member w.e.f.10th July, 2012.
3. Ceased to be the member of Audit Committee w.e.f. 29th May, 2012.
4. Appointed as member/ Chairman of Audit Committee w.e.f. 29th May, 2012.
5. Appointed as member of Audit Committee w.e.f. 10th July, 2012.

Brief description of Terms of reference

The terms of reference of Audit Committee includes the matters specified in section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement and broadly comprise as under:

1. Review of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommend the appointment/re-appointment /replacement or removal of the Statutory Auditors and the fixation of audit fees and payment for any other services to external auditors;
3. Reviewing with the management, the quarterly/half yearly and annual financial statements before submission to the Board focusing primarily on:
 - Any change in the accounting policies and practices;
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 217(2AA) of the Companies Act, 1956;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with accounting standards;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;
4. Reviewing the Company's financial and risk management policies;
5. Review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency about the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter,
6. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
7. Review of the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
8. Discussion with internal auditors any significant findings and follow up there on;
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
10. Discussion with statutory auditors about the scope of audit including observation of auditors (post-audit) to ascertain any area of concern;
11. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
12. Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;

Powers of Audit Committee

The Audit Committee has the following powers:

- i) To investigate any activity within its terms of reference;
- ii) To seek any information from any employee;
- iii) To obtain outside legal or other professional advice;
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary;

4. Share Transfer and Shareholders/Investors Grievance Committee:

The Company has constituted a Share Transfer and Shareholders/Investor Grievance Committee to look into among other functions, redressing shareholders complaints like transfer and delay in transfer of shares, non-receipt of Annual Report, Notice, declared dividends etc.

During the financial year 2011-2012, the Share Transfer and Shareholders/Investor Grievance Committee met 4 (Four) times on 14th May, 2011, 10th August, 2011, 14th November, 2011, 13th February, 2012. The Company Secretary acted as secretary of the Share Transfer and Shareholders/Investor Grievance Committee.

The composition of the Share Transfer and Shareholders/Investor Grievance Committee is given hereunder:-

Name of the Committee member	Designation	No. of Meetings	
		Held during their tenure	Attended
Mr. Pradeep J. Saxena ³	Member (Independent Director)	4	4
Mr. Govind N. Shah ¹	Member (Non-Executive Director)	1	1
Mr. Vijay Chadha ⁴	Member (Whole Time Director)	3	3
Mr. Parmod H. Jain ²	Member (Independent Director)	2	2
Mr. Kanchan Murarka ⁵	Chairman (Non-Executive Director)	2	2
Mr. Surender Kumar Tuteja ⁶	Member (Independent Director)	N.A.	-
Mr. Rahul B. Chhajed ⁷	Member (Independent Director)	N.A.	-

Notes:

1. Upon Resignation from Directorship of the Company, ceased to be member of the Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 14th July, 2011.
2. Appointed as Member of the Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 14th July, 2011 and ceased to member w.e.f. 14th November, 2011.
3. Ceased to be Chairman/ member of Share Transfer and Shareholders/Investor Grievance Committee with effect from 29th May, 2012.
4. Appointed as Member of Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 14th July, 2011 and ceased to be member with effect from 10th July, 2012.
5. Appointed as Member of the Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 14th November, 2011 and appointed as Chairman w.e.f. 29th May, 2012.
6. Appointed as Member of the Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 29th May, 2012.
7. Appointed as Member of the Share Transfer and Shareholders/Investor Grievance Committee w.e.f. 10th July, 2012.

Status of Investors' Complaints

At the beginning of the year	Received during the year	Resolved during the year	Pending
Nil	Nil	Nil	Nil

Name and designation of Compliance Officer:

Ms. Richa N. Gole- Company Secretary and Compliance Officer (upto 14th August 2012)

Mr. Amit Kumar Gupta - Company Secretary and Compliance Officer (appointed w.e.f 14th August 2012)

5. Remuneration Committee

Composition

The Remuneration Committee has been constituted by the Board of Directors to review and determine the remuneration package of the Executive and Non Executive Directors in accordance with the guidelines laid out by statute and the Listing Agreement with the Stock Exchange. The Company Secretary acted as secretary of the Remuneration Committee. During the year under review, the Remuneration Committee met once on 14th May, 2011.

The present composition of Remuneration Committee is as follows:

Name of the Committee member	Designation	No. of Meetings	
		Held during their tenure	Attended
Mr. Pradeep J. Saxena ³	Member (Independent Director)	1	1
Mr. Satish Chandra Gupta	Member (Independent Director)	1	1
Mr. Parmod H. Jain ¹	Member (Independent Director)	1	1
Mr. Surender Kumar Tuteja ⁴	Chairman (Independent Director)	N.A.	-
Mr. Kanchan Murarka ²	Member (Non-Executive Director)	N.A.	-
Mr. Rahul B. Chhajed ⁵	Member (Independent Director)	N.A.	-

Notes:

1. Ceased to be the member of Remuneration Committee w.e.f. 14th November, 2011.
2. Appointed as member of Remuneration committee w.e.f. 14th November, 2011 and ceased to be a member of Remuneration Committee w.e.f. 10th July, 2012.
3. Ceased to be the member of Remuneration Committee w.e.f. 29th May, 2012.
4. Appointed as Member and Chairman of Remuneration Committee w.e.f. 29th May, 2012.
5. Appointed as Member of Remuneration Committee w.e.f. 10th July, 2012.

Remuneration Policy

The Remuneration Policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them. The Company while deciding the remuneration package takes into consideration the following:

- a. Financial Position of the Company;
- b. Trend in the Industry;
- c. Appointee's qualification, experience, past performance, past remuneration etc;
- d. Neutral view while determining the remuneration package;
- e. Balance between interest of the Company and shareholders.
- f. Details of remuneration paid to Executive Directors are as follows: (₹ in Lacs p.a.)

Name	Salary & Perquisites	Commission	Sitting Fees	Total
Mr. Vimal Kumar Somani	0.23	Nil	Nil	0.23
Mr. Abhay Lodha	2.12	Nil	N.A.	2.12
Mr. Prasenjit Datta	35.51	Nil	N.A.	35.51
Mr. Vijay Chadha	9.30	Nil	N.A.	9.30

- g. Number of Equity Shares held by the Directors as on 31st March, 2012

Name	Designation	No. of shares held
Mr. Abhay Lodha	Chairman and Managing Director	30,47,104
Mr. Kanchan Murarka	Non- Executive Director	7,500
Mr. Vijay Chadha	Whole Time Director	500

6. General Body Meetings

- a) The details of last three Annual General Meetings of the Company are as follows:

Year	Date	Time	Venue
2008-09	30 th September, 2009	3.00 PM	Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Kalol, Dist. Gandhinagar, Gujarat
2009-10	20 th September, 2010	3.00 PM	Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Kalol, Dist. Gandhinagar, Gujarat
2010-11	30 th September, 2011	3.00 PM	Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Kalol, Dist. Gandhinagar, Gujarat

- b) Details of Special Resolutions passed in the previous three Annual General Meetings (AGM) / Extra- ordinary General Meetings (EGM) are as under.

Date	Purpose of Special Resolution
30 th September, 2011 (AGM)	1. Reappointment of Mr. Abhay Lodha as Chairman and Managing Director. 2. Appointment of Mr. Prasenjit Datta as Whole Time Director for a period of 5 years.
20 th September, 2010 (AGM)	No Special Resolution was passed.
30 th September, 2009 (AGM)	1. Appointment of Mr. Vijay Chadha as Whole-time Director for a period of 3 years.
10 th April, 2010 (EGM)	1. Increase in Authorised Share Capital from ₹ 9 Cr. to ₹ 15 Cr. 2. Preferential Allotment of Shares.

All the Special Resolutions placed before the shareholders at the above meetings were approved.

Postal Ballot conducted during the year:

During the period under review, No resolution was being passed by mode of Postal Ballot Process.

During the year under review, No Extra Ordinary General meeting was held.

7. Disclosures

- Related Party Transaction**

During the year under review, besides the transactions reported in Notes to Accounts to the Balance Sheet as at 31st March, 2012, there were no other related party transactions with its promoters, directors and management that had a potential conflict of interest of the Company at large.

- Disclosure of Accounting Treatment**

The Company has followed all relevant Accounting Standards while preparing the financial statements.

- Code of Conduct**

The Board of Directors has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The said code of conduct is available on the Company's website www.gujaratfoils.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration by the Chairman and Managing Director of the Company affirming the compliance of the same in respect of the financial year ended on 31st March, 2012, by the members of the Board and senior management personnel, as applicable to them, is also annexed separately in this Annual Report.

- Proceeds from Public Issues, Right Issues, Preferential Issues etc.**

During the financial year 2011-2012, the Company had not issued and allotted any shares through Public Issues, Right Issues, or on Preferential basis.

- Disclosure of Risk Management**

The Company has the risk assessment and mitigation procedures in place and the same has been laid before the Board members from time to time.

- Details of Non-Compliance.**

No penalties and strictures have been imposed by SEBI or the Stock Exchange or any Statutory Authorities on matters relating to capital markets during the last three years.

- **CEO/CFO Certification**

A CEO/CFO certification in terms of Clause 49(v) of the Listing Agreement, from Mr. Abhay Lodha, Chairman and Managing Director, heading finance function of the Company, in respect of financial year 2011-2012 was placed before the Board.

- **Details of Compliance with Mandatory Requirements and Adoption of the Non-Mandatory Requirements of this Clause.**

The Company has complied with all the mandatory requirements of this clause. As regards the non-mandatory requirements the extent has been stated in this report against each such item.

8. Means of Communication

The Company's quarterly / half yearly results are published in news papers viz. "Western Times" in both English and Gujarati. Half yearly reports are not being sent to each household of shareholders. These results are displayed on the Company's website www.gujaratfoils.com under investor section. Presentations made to Analysts are also displayed on the website of the Company.

Management Discussion and Analysis is forming part of this Annual Report.

9. General Information for Shareholder

A	Annual General Meeting Date and Time Venue	26 th September, 2012 at 11.30 A.M. At Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol, Dist-Gandhinagar, Gujarat-382729
B	Financial Calendar	1 st April, 2012 to 31 st March, 2013.
	Results for : First quarter	On or before 14 th August 2012
	Second quarter	On or before 14 th November 2012
	Third quarter	On or before 14 th February 2013
	Fourth quarter	Annual Audited Results –On or before 30 th May 2013
C	Date of Book Closure	20 th September 2012 to 26 th September 2012 (both day inclusive)
D	Listing on Stock Exchanges	BSE Limited, Mumbai (Listing fees, as applicable, has been paid)
E	Registered Office	Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol, Dist-Gandhinagar, Gujarat-382729
F	Registrar and Transfer Agent	Link Intime India Private Limited 303 , 3rd floor, Shoppers Plaza-V, Opp. Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad- 380009
G	Stock Code	BSE Script Code 531410
H	ISIN for NSDL and CDSL	INE587F01017
I	Corporate Identification Number (CIN)	L28999GJ1992PLC018570

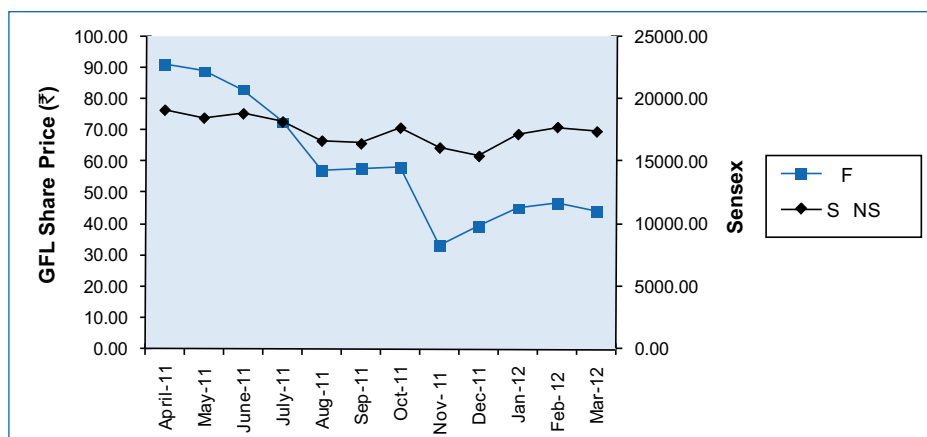
J. Market Price data

The table below gives the monthly high and low prices and volumes of the Company's shares traded at BSE Limited during the period from April 2011 to March 2012.

Month	GFL		SENSEX	
	High Price	Low Price	High	Low
Apr-11	117.0	73.00	19811.14	18976.19
May-11	100.0	81.10	19253.87	17786.13
Jun-11	102.0	71.55	18873.39	17314.38
Jul-11	89.80	68.50	19131.7	18131.86
Aug-11	84.00	45.10	18440.07	15765.53
Sep-11	74.90	53.05	17211.8	15801.01
Oct-11	61.95	47.50	17908.13	15745.43
Nov-11	57.85	33.00	17702.26	15478.69
Dec-11	64.10	33.10	17003.71	15135.86
Jan-12	48.40	35.85	17258.97	15358.02
Feb-12	48.50	39.20	18523.78	17061.55
Mar-12	52.90	39.40	18040.69	16920.61

*Source: www.bseindia.com

K. The chart herein depicts the comparison of the Company's share price movement viv-a-vis the movement of the BSE Sensex.



*Source: www.bseindia.com

L. Shareholding Pattern as on 31st March, 2012

a) Category of Equity Shareholders as on 31st March, 2012

S. No.	Category	No. of Shareholders	No. of Shares	% of Total Holding
1.	Indian Promotor&PromotorGroup	7	4,834,186	58.94
2.	Bodies Corporate	36	1,115,283	13.60
3.	Individuals	669	2243951	27.36
4.	Others	17	8390	0.10
	Total	729	8201810	100.00

b) Distribution of Equity Shareholding as on 31st March, 2012.

No of Equity shares Held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares
01-500	545	74.66	100739	1.23
501-1000	93	12.74	81224	0.99
1001-2000	24	3.29	39479	0.48
2001-3000	17	2.33	42275	0.52
3001-4000	8	1.10	29993	0.37
4001-5000	3	0.41	15000	0.18
5001-10000	11	1.5	89749	1.09
10001 and above	28	3.97	7803351	95.14
Total	729	100.00	8201810	100.00

M. Share Transfer System

All matters pertaining to transfer of shares are being handled by Link Intime India Private Limited, the Registrar and Share Transfer Agents of the Company. The share transfer requests received are processed by them and a Memorandum of Transfer is sent to the Company for approval by the Committee. The average time taken for processing share transfer requests including dispatch of share certificates is 15 days, while it takes a minimum of 10-12 days for processing dematerialization requests. The Company regularly monitors and supervises the functioning of the systems so as to ensure that there are no delays or lapses in the systems.

N. Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form and 96.83% shares are in dematerialized form as on 31st March, 2012.

O. Investor Correspondence

Share Transfer Agents	For General Queries
Link Intime India Private Limited 303 , 3rd floor, Shoppers Plaza-V, Opp. Municipal Market, Off. C. G. Road, Navrangpura Ahmedabad- 380009 Tel: +91-79-26465179 Fax: +91-79-26465179 Email: ahmedabad@linkintime.co.in	Company Secretary and Compliance Officer Gujarat Foils Limited 308, Ceejay House, Dr. A.B.Road, Worli, Mumbai-400018. Tel:+91-22-24812000 Fax: +91-22-24812122 Email: shareholders@gujaratfoils.com



TOPWORTH

Auditors' Certificate on Compliance of Conditions of Corporate Governance

To
The Members
Gujarat Foils Limited

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Gujarat Foils Limited** for the year ended on 31st March, 2012 as stipulated in clause 49 of the Listing Agreement of the said company with the BSE Limited.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and based on the information and explanations given to us and the representations made by management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of said Listing Agreement except for Composition of Board of Directors for the part of the year.

We state that in respect of Investors' Grievances received, generally no Investors' Grievances are pending for a period exceeding one month against the company as per records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For H. R. AGARWAL & ASSOCIATES
Chartered Accountants
Firm Regn. No. 323029E

CA. Hari Ram Agarwal
Partner
M.No. FCA 057625

Place: Mumbai
Date : 14th August, 2012

Declaration Regarding Compliance of Code of Conduct

I, Abhay Lodha, Chairman and Managing Director of the Company, hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with Code of Conduct as adopted by the Company for the financial year ended 31st March, 2012.

Place: Mumbai
Date : 14th August, 2012

Abhay Lodha
Chairman and Managing Director

Auditors' Report

TO THE MEMBERS OF GUJARAT FOILS LIMITED

1. We have audited the attached Balance Sheet of **GUJARAT FOILS LIMITED** as at 31st March, 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books of the Company;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of the written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is prima-facie disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in accordance with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.
 - ii) In the case of the Statement of Profit & Loss of the Profit of the Company for the year ended on that date and
 - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **H. R. AGARWAL & ASSOCIATES**
Chartered Accountants
Firm Regn. No. 323029E

CA. Hari Ram Agarwal
Partner
M.No. FCA 057625

Place: Mumbai
Date : 30th May 2012

Annexure to the Auditors' Report

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information
- (b) The fixed assets of the Company have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) The Company has not disposed of any substantial/major part of fixed assets during the year therefore the question of affecting the going concern principle of the Company do not arise.
- ii) (a) Physical verification of inventory has been conducted at reasonable intervals during the year by the management.\
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
- (c) The Company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventories as compared to the book records.
- iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order, are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (f) and (g) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and service. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) (a) in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act have been so entered.
- (b) The transactions made in pursuance of contracts or arrangements entered in the register under section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public which falls within the provisions of section 58 A, 58 AA or any other relevant provisions of the Companies Act, 1956. Therefore the Provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) The maintenance of cost records has been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and such accounts and cost records have been made and maintained.
- ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor education and protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities.
- (b) There are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty or Cess outstanding on account of any dispute.
- x) The Company has no accumulated losses as at 31st March, 2012 and the Company has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to any financial institutions / banks.

- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or a nidhi / mutual benefit fund /society. Accordingly, Clauses (xiii)(a) to (d) of paragraph 4 of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The term loans were applied for the purpose for which the loans were obtained.
- xvii) In our opinion and according to the information and explanations given to us, there are no Funds raised on a short term basis which have been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any funds by way of public issue during the year.
- xxi) No fraud on or by the Company has been noticed or reported during the year.

For H. R. AGARWAL & ASSOCIATES

Chartered Accountants
Firm Regn. No. 323029E

CA. Hari Ram Agarwal

Partner

M.No. FCA 057625

Place: Mumbai
Date : 30th May 2012



TOPWORTH

Balance Sheet as at 31st March 2012

(in ₹)

	Particulars	Note	As At 31 st March 2012	As At 31 st March 2011
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	82,018,100	82,018,400
	(b) Reserves and surplus	2	207,079,604	183,865,209
			289,097,704	265,883,609
2	Share application money pending allotment		433,900,000	357,400,000
3	Non-current liabilities			
	(a) Long-term borrowings	3	724,538,300	530,136,996
	(b) Deferred tax liabilities (Net)	4	62,889,328	40,732,205
	(c) Other Long term liabilities	5	99,065,481	91,547,159
			886,493,109	662,416,361
4	Current liabilities			
	(a) Short-term borrowings	6	1,030,780,378	548,317,937
	(b) Trade payables	7	239,562,194	313,940,272
	(c) Other current liabilities	8	98,800,693	108,777,477
	(d) Short-term provisions	9	1,857,512	1,212,972
			1,371,000,777	972,248,658
	TOTAL		2,980,491,590	2,257,948,628
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets	10		
	- Tangible assets		1,145,403,215	861,040,022
	- Capital work-in-progress		80,072,119	284,415,603
			1,225,475,334	1,145,455,625
2	Current assets			
	(a) Inventories	11	783,911,910	470,687,118
	(b) Trade receivables	12	861,773,468	508,118,697
	(c) Cash and cash equivalents	13	31,061,042	60,902,645
	(d) Other current assets	14	78,269,836	72,784,543
			1,755,016,256	1,112,493,003
	TOTAL		2,980,491,590	2,257,948,628
	Summary of significant accounting policies	21		

The accompanying notes are integral part of financial statements.

As per our report of even date annexed.

For **H.R. Agarwal & Associates**

Chartered Accountants

Firm Regn.No. 323029E

CA. Hari Ram Agarwal

Partner

M. No. FCA 057625

Place : Mumbai

Date : 30th May 2012

For and on behalf of the Board

Abhay Lodha

Chairman and Managing Director

Vijay Chadha

Whole Time Director

Richa Gole

Company Secretary

Profit and Loss statement for the year ended 31st March 2012

(in ₹)

Particulars	Note	2011-12	2010-11
I. Revenue from operations	15	2,790,252,642	2,420,616,420
Less : Excise Duty		177,979,624	169,263,216
Revenue from Operations (Net)		2,612,273,018	2,251,353,204
Total Revenue		2,612,273,018	2,251,353,204
II. Expenses			
Cost of materials consumed	16	2,191,702,866	1,987,729,944
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	17	(153,417,703)	(98,332,263)
Employee benefits expenses	18	33,432,406	17,218,205
Finance costs	19	209,494,620	110,002,043
Depreciation and amortization expenses		97,793,017	79,227,442
Other expenses	20	177,889,724	114,663,181
Total Expenses		2,556,894,930	2,210,508,552
III. Profit before Tax (I-II)		55,378,088	40,844,652
IV. Tax expense:			
- Current tax		10,006,874	8,485,000
- Deferred tax	21	22,157,122	13,705,965
		32,163,996	22,190,965
V. Profit for the year (III-IV)		23,214,092	18,653,687
VI. Earnings per equity share - Basic & Diluted	23	2.83	2.27
Summary of significant accounting policies	21		

The accompanying notes are integral part of financial statements.

As per our report of even date annexed.

For **H.R. Agarwal & Associates**

Chartered Accountants

Firm Regn.No. 323029E

CA. Hari Ram Agarwal

Partner

M. No. FCA 057625

Place : Mumbai

Date : 30th May 2012

For and on behalf of the Board

Abhay Lodha

Chairman and Managing Director

Vijay Chadha

Whole Time Director

Richa Gole

Company Secretary



TOPWORTH

Cash Flow Statement for the year ended 31st March 2012

(in ₹)

Particulars	2011-12	2010-11
(A) Cash Flow From Operating Activities		
Net Profit Before Tax	55,378,088	40,844,653
Adjustment for		
(a) Depreciation / Amortisation	97,793,017	79,227,441
(b) Interest Paid	209,494,620	101,832,371
(c) Interest Received	(3,283,928)	(3,204,364)
(d) Loss on Sale of Vehicle	-	15,792
Operating Profit Before Working Capital Changes	359,381,797	218,715,893
Adjustment For:		
(a) Trade & Other Receivables	(363,360,519)	(309,063,432)
(b) Inventories	(313,224,792)	(62,883,778)
(c) Trade Payable / Provisions	(83,710,322)	97,473,015
Cash Generated from Operation	(760,295,632)	(274,474,195)
Direct Tax Paid	(5,786,418)	(11,980,360)
Net Cash Flow from Operating Activities	(406,700,254)	(67,738,662)
B. Cash Flow From Investing Activities		
(a) Purchase of Fixed Assets (including capital work-in-progress)	(177,812,726)	(359,323,966)
(b) Sale of Fixed Assets	-	360,619
(c) Interest Received	3,283,928	3,204,364
Net Cash Flow from Investing Activities	(174,528,798)	(355,758,983)
C. Cash Flow From Financing Activities		
(a) Proceed of Share Application Money	76,500,000	119,000,000
(b) Interest Paid	(209,494,620)	(101,832,371)
(c) Increase / (Decrease) in Long Term Borrowing	201,919,626	127,871,520
(d) Increase / (Decrease) in Bank Borrowing	482,462,441	307,863,204
Net Cash Flow from Financing Activities	551,387,447	452,902,353
D. Net increase /decrease in cash and cash equivalents (A+B+C)	(29,841,605)	29,404,708
E. Cash and Cash Equivalents at the beginning of the year	60,902,645	31,497,937
F. Cash and Cash Equivalents at the end of the year	31,061,040	60,902,645

See notes attached

As per our report of even date annexed.

For **H.R. Agarwal & Associates**
Chartered Accountants
Firm Regn.No. 323029E

CA. Hari Ram Agarwal
Partner
M. No. FCA 057625
Place : Mumbai
Date : 30th May 2012

For and on behalf of the Board

Abhay Lodha
Chairman and Managing Director

Vijay Chadha
Whole Time Director

Richa Gole
Company Secretary

Notes forming part of the Financial Statements

Note 1

Share Capital

(in ₹)

Particulars	2011-12	2010-11
Authorised		
1,50,00,000 Equity Shares of ₹10 each	150,000,000	150,000,000
Issued		
82,01,810 Equity Shares of ₹10 each	82,018,100	82,018,100
Subscribed & Paid up		
82,01,810 Equity Shares of ₹10 each fully paid up	82,018,100	82,018,100
Forfeited Shares (previous year : 60 Equity Shares)	-	300
Total	82,018,100	82,018,400

(A) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2011-12 No. of Shares	2010-11 No. of Shares
Shares outstanding at the beginning of the year	8,201,810	8,201,810
Shares outstanding at the end of the year	8,201,810	8,201,810

(B) Shares in the Company held by each shareholder holding more than 5% shares in the Company

Name of Shareholder	2011-12		2010-11	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Abhay Narendra Lodha	3,047,104	37.15	3,047,104	37.15
Parmod Jain	1,260,204	15.36	1,643,918	20.04
Akshata Realtors Pvt Ltd	792,876	9.67	792,876	9.67
Rockdude Financial Services Pvt. Ltd.	718,013	8.75	751,195	9.16
Ashwin Narendra Lodha	703,994	8.58	703,994	8.58

Note 2

Reserves and Surplus

(in ₹)

Particulars	2011-12	2010-11
a. Capital Reserves		
Opening Balance	-	-
Add during the year	300	-
Closing Balance	300	-
b. Securities Premium Account	97,894,200	97,894,200
c. Surplus		
Opening balance	85,971,012	67,317,322
Add Profit for the year	23,214,092	18,653,687
Closing Balance	109,185,104	85,971,009
Total	207,079,604	183,865,209

The Company had cancelled earlier forfeited 60 Equity Shares of ₹ 10/- each, for non-payment of the Call Money of ₹ 5/- per Equity Share, aggregating to ₹ 300/-. The amount has been transferred to Capital Reserve.

Notes forming part of the Financial Statements (Contd.)

Note 3

Long Term Borrowings

(in ₹)

Particulars	2011-12	2010-11
Secured		
(a) Term loans		
From Banks	351,998,962	401,339,975
(b) Other loans and advances		
(Secured By Hypothecation of Motor Vehicle)	761,117	925,501
	352,760,079	402,265,476
Unsecured		
(a) Other loans and advances		
Other than Bank	371,778,221	127,871,520
	371,778,221	127,871,520
Total	724,538,300	530,136,996

- Term loan from State Bank of India and Dena Bank has been secured by first mortgage / equitable mortgage on pari-passu basis on the Land, Building, Plant & Machinery and other fixed asset of the Company situated on plot no 3436 to 3439 and 3442 to 3446 at Chhatral Industrial Area of GIDC, Phase IV, Tal: Kalol, Dist. Gandhinagar, Gujarat and second pari-passu charge on all the Current Assets of the Company (excluding Current Assets relating to Aluminium Pharma Foil Project and Wind Mill).
- Term loan from Bank of India for Aluminium Pharma Foil Project has been secured by mortgage / equitable mortgage on exclusive basis on the Land, Building, Plant & Machinery and other fixed asset of the Company situated on plot no 3440 to 3441 at Chhatral Industrial Area of GIDC, Phase IV, Tal: Kalol, Dist. Gandhinagar, Gujarat.
- Term loan from Allahabad Bank for Wind Mill has been secured by mortgage / equitable mortgage on exclusive basis on all the Land, Building, Plant & Machinery and other fixed asset relating to Wind Mill of the Company
- Car loans have been secured by hypothecation of respective cars.

Note 4

Deferred Tax Liabilities (Net)

The component of Deferred Tax Liabilities are as under.

(in ₹)

Particulars	2011-12	2010-11
Opening Balance	40,732,206	27,026,241
Depreciation as per Income Tax	163,340,139	126,340,620
Less : Depreciation as per books	97,793,017	79,227,442
Deferred Tax Liability	65,547,123	47,113,178
Income Tax	21,266,764	15,649,761
Current Year Depreciation Loss C/F	10,006,875	5,850,902
Income Tax	890,358	1,943,556
Net Deferred Tax	22,157,122	13,705,965
Total	62,889,328	40,732,206

Note 5

Other Long Term Liabilities

(in ₹)

Particulars	2011-12	2010-11
Trade Deposit	99,065,481	91,547,159
Total	99,065,481	91,547,159

Notes forming part of the Financial Statements (Contd.)

Note 6

Short Term Borrowings

(in ₹)

Particulars	2011-12	2010-11
Secured		
Loans repayable on demand from banks	1,030,780,378	548,317,937
Total	1,030,780,378	548,317,937

- a. Working Capital availed under the Consortium arrangement (Allahabad Bank, IDBI Bank, State Bank of India, Union Bank of India, Dena Bank and Oriental Bank of Commerce) [excluding Working Capital limits availed from Bank of India for Aluminium Pharma Foil Project] by the Company is secured by way of first pari-passu hypothecation charge on all the Stocks, Receivable, Book Debts and other Current Assets of the Company and second pari-passu charge on entire Fixed Assets (excluding that of Aluminium Pharma Foil Project and Wind Mill) of the Company.
- b. Working Capital availed from Bank of India for Aluminium Pharma Foil Project of the Company is secured by way of exclusive hypothecation charge on all the Stocks, Receivable, Book Debts and other Current Assets of the Aluminium Pharma Foil Project of the Company and also secured by mortgage / equitable mortgage on exclusive basis on the Land, Building, Plant & Machinery and other fixed asset of the Company situated on plot no 3440 to 3441 at Chhatral Industrial Area of GIDC, Phase IV, Tal: Kalol, Dist. Gandhinagar, Gujarat.

Note 7

Trade Payables

(in ₹)

Particulars	2011-12	2010-11
Trade Payable to others	238,325,255	313,940,272
Trade Payable to Micro , Small & Medium Enterprises	1,236,939	-
Total	239,562,194	313,940,272

Balances are subject to confirmations.

Note 8

Other Current Liabilities

(in ₹)

Particulars	2011-12	2010-11
Other Creditors	23,384,100	44,924,884
Current Maturities of long term debts	75,416,593	63,852,593
Total	98,800,693	108,777,477

Note 9

Short Term Provisions

(in ₹)

Particulars	2011-12	2010-11
Provision for employee benefits	1,857,512	1,212,972
Total	1,857,512	1,212,972

The liability of gratuity is funded through a scheme administered through policy taken from Life Insurance Corporation of India and provision is made based on actuarial valuation carried out as at Balance sheet date.

Notes forming part of the Financial Statements (Contd.)

Note 9

Short Term Provisions (Contd.)

(in ₹)

Particulars	2011-12	2010-11
Reconciliation of opening and closing balance of Defined Benefit Obligation		
Present Value of obligations as at 01.04.2011	2,326,485	1,858,378
Current Service Cost	1,049,333	908,310
Present Value of obligations as at 31.03.2012	3,375,818	2,766,688
Reconciliation of opening and closing balance of Fair value of Plan Assets		
Fair Value of Plan Assets as at 01.04.2011	1,615,857	1,636,441
Fair Value of Plan Assets as at 31.03.2012	1,615,857	1,636,441
Reconciliation of Fair Value of Assets and Obligations		
Present value of obligations as at 31.03.2012	3,375,818	2,766,688
Fair Value of Plan Assets as at 31.03.2012	1,615,857	1,636,441
Expense recognised during the year		
Current Service Cost	1,049,333	1,130,247
Actuarial Assumptions		
Discount Rate	8%	8%
Salary Escalation	7%	7%

Note 10

Fixed Assets

(in ₹)

Sr. No.	Particulars	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 1st April 2011	Additions/ (Disposals)	Balance as at 31st March 2012	Accumulated Depreciation	Depreciation charge for the year	Balance as at 31st March 2012	Balance as at 1st April 2011	Balance as at 31st March 2012
a	Tangible Assets								
	Land	13,016,612		13,016,612	-	-	-	13,016,612	13,016,612
	Buildings	46,566,609	72,426,500	118,993,109	4,805,488	2,162,691	6,968,179	41,761,121	112,024,930
	Non Factory building	19,137,265	3,046,200	22,183,465	186,498	325,171	511,669	18,950,767	21,671,796
	Plant and Equipment	874,408,802	305,655,504	1,180,064,306	121,115,186	90,184,344	211,299,530	753,293,616	968,764,776
	Furniture and Fixtures	3,371,554	361,692	3,733,246	483,544	227,477	711,021	2,888,010	3,022,225
	Vehicles	7,658,278		7,658,278	835,435	726,815	1,562,250	6,822,843	6,096,028
	Office equipment	6,373,094	484,109	6,857,203	2,147,261	315,728	2,462,989	4,225,833	4,394,214
	Computer	24,721,326	182,205	24,903,531	4,640,106	3,850,791	8,490,897	20,081,220	16,412,634
	Total	995,253,540	382,156,210	1,377,409,750	134,213,518	97,793,017	232,006,535	861,040,022	1,145,403,215
b	Capital Work In Progress							284,415,603	80,072,119
	Total							284,415,603	80,072,119

Note 11

Inventories

(in ₹)

Particulars	2011-12	2010-11
Raw Materials	256,684,071	65,761,191
Goods in Transit	31,309,219	63,459,541
Finished Goods	320,918,119	254,473,591
Work in Progress	164,184,392	77,211,217
Stores & spares	10,816,109	9,781,578
Total	783,911,910	470,687,118

Notes forming part of the Financial Statements (Contd.)

Note 12

Trade Receivables Unsecured and considered good

(in ₹)

Particulars	2011-12	2010-11
Outstanding for a period less than six months from the date they are due for payment.	861,773,468	476,203,647
Outstanding for a period more than six months from the date they are due for payment.	-	31,915,050
Total	861,773,468	508,118,697

Balances are subject to confirmations.

Note 13

Cash and Cash Equivalents

(in ₹)

Particulars	2011-12	2010-11
Balances with Schedule Banks	30,479,761	60,613,075
Cash on hand	581,281	289,570
Total	31,061,042	60,902,645

Fixed Deposit with Banks amounting to ₹ 2,85,06,792/- have been earmarked against margin money for letter of credit and bank guarantees from banks

Note 14

Other Current Assets

(in ₹)

Particulars	2011-12	2010-11
Advance Income Tax and TDS Receivable	2,757,785	6,978,241
Deposits	9,615,653	9,207,315
Other advances - Including Advance to Vendors	65,896,398	56,598,987
Total	78,269,836	72,784,543

Estimated amount of contracts remaining to be executed on capital account this year Nil (Previous year ₹ 93.80 Lacs).

Note 15

Revenue from operations

(in ₹)

Particulars	2011-12	2010-11
Sale of products	2,788,823,609	2,408,150,259
Other operating revenues	1,429,033	12,466,163
	2,790,252,642	2,420,616,422
Less: Excise duty	177,979,624	169,263,216
Total	2,612,273,018	2,251,353,206

Earning in forigen currency

Particulars	2011-12	2010-11
Export of Goods on FOB basis	87,655,399	37,363,963



Notes forming part of the Financial Statements (Contd.)

Note 16

Cost of materials consumed

(in ₹)

Particulars	2011-12	2010-11
Raw Material		
Opening Stock	65,761,191	166,533,205
Purchases	2,382,625,746	1,886,957,930
Less : Closing Stock	256,684,071	65,761,191
Total	<u>2,191,702,866</u>	<u>1,987,729,944</u>

Value of Imports on CIF basis

Particulars	2011-12	2010-11
Raw Material	287,487,590	135,038,132
Capital Goods	13,146,631	34,788,350

Note 17

Changes in inventories of finished goods work-in-progress and Stock-in-Trade

(in ₹)

Particulars	2011-12	2010-11
Opening Stock :		
Work-in-Process	77,211,217	68,921,846
Finished Goods	254,473,591	164,430,699
Closing Stock :		
Work-in-Process	164,184,392	77,211,217
Finished Goods	320,918,119	254,473,591
Total	<u>(153,417,703)</u>	<u>(98,332,263)</u>

Note 18

Employee Benefits Expense

(in ₹)

Particulars	2011-12	2010-11
Salaries and incentives	30,144,432	12,742,404
Contributions to		
Provident Fund	959,532	485,212
Gratuity fund contributions	645,540	1,212,972
Staff welfare expenses	1,682,902	2,777,617
Total	<u>33,432,406</u>	<u>17,218,205</u>

Note 19

Finance costs

(in ₹)

Particulars	2011-12	2010-11
Interest Expenses	209,494,620	110,002,043
Total	<u>209,494,620</u>	<u>110,002,043</u>

Notes forming part of the Financial Statements (Contd.)

Note 20

Other Expenses

(in ₹)

Particulars	2011-12	2010-11
Consumption of stores and spare parts.	19,090,555	18,636,116
Power and fuel	24,118,714	21,604,905
Excise Duty on Finished Goods	1,450,000	-
Repairs to machinery.	804,515	323,027
Selling & Marketing Expenses *	41,817,430	23,059,250
Insurance	3,836,234	2,089,175
Job Work Charges	15,282,748	13,430,064
Packing Expenses	50,231,201	15,847,627
Rent, Rates and taxes excluding taxes on income	5,013,859	4,613,302
VAT & CST Demand	5,806,311	1,550,129
Administrative Expenses	9,170,359	12,820,036
Internal Audit Expenses	702,798	126,000
Payment to Auditors		
a. Audit Fees	400,000	400,000
b. Taxation matters	100,000	100,000
c. Reimbursement of expenses	65,000	63,550
Total	177,889,724	114,663,181

* Selling & Marketing expenses includes ₹ 193,529/- towards expenditure in foreign currency on account of travelling (Previous Year ₹ 8,204,000/-)

Notes forming part of the Financial Statements (Contd.)

Note 21

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS :

SIGNIFICANT ACCOUNTING POLICIES

I. Accounting Convention

The Financial Statements have been prepared in accordance with the generally accepted accounting principles applicable in India, comply with the applicable Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of Section 642 of the Companies Act, 1956 and relevant presentational requirements and are based on historical cost convention. In preparing these financial statements, accrual basis of accounting has been followed unless otherwise stated.

II. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

III. Inventories :

- Raw Materials are valued at cost on FIFO basis
- Stores and Spares are valued at cost on FIFO basis.
- Finished Goods and Work-in-Process are valued at cost which includes material cost, cost of conversion and other costs or realisable value whichever is lower.
- Scrap is valued at estimated realisable value.

IV. Fixed Assets

Fixed assets are stated at original cost (net of CENVAT wherever applicable) less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses related to acquisition, installation and commissioning

V. Depreciation

- i) Depreciation has been charged on Straight Line Method basis at the rates and in the manner prescribed under Schedule -XIV of the Companies Act, 1956.
- ii) Depreciation is provided on pro-rata basis from the date the asset is put to use.

VI. Revenue Recognition

- i) **Sales**
 - a) Sales is recognized when the products leave the premises of the Company.
 - b) Sales is net of Excise Duty, VAT and CST.
- ii) **Other operations**

Time is essence when Interest Income is accounted for.

VII. Retirement benefits

Retirement benefits have been recognized as per actuarial valuation

VIII. Income Tax

- i) Current tax is measured at the amount expected to be paid to the taxation authorities using the applicable tax rates and tax laws.

Notes forming part of the Financial Statements (Contd.)

- ii) Deferred tax asset and liability is measured using the tax rates and tax laws that have been announced up to the Balance Sheet date. Deferred tax asset and liability is recognized for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss Account of the respective year.

IX. Provisions

Provision is recognised when an enterprise has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

X. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. The impairment loss as determined above is expensed off. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

XI. Foreign Currency Transaction

All incomes or expenditures in foreign currency, are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

XII. Contingent Liability

Contingent liabilities are determined on the basis of available information and are disclosed by way of note.

XIII. Segment Reporting

The Board of Directors of the Company is of the opinion that there are no separate reportable segments as per AS-17 as the entire operations of the Company is related to onereportable segment comprising of Aluminum Rolled Products and Foils.

22. Related parties transaction:

A. Key Management Personnel:

- i) Abhay Lodha
- ii) Vijay Chadha
- iii) Prasenjit Dutta

B. Disclosure of transactions with Related Parties as required by the Accounting Standard-18 as prescribed by Companies (Accounting Standards) Rule, 2006:

Name of Related Party	Nature of Transaction	Transaction Value (₹)	Outstanding amount carried in the Balance sheet (₹)	Transaction Value (₹)	Outstanding amount carried in the Balance sheet (₹)
Vimal Kumar Somani	Salary	22,500	22,500	270,000	NIL
Vijay Chadha	Salary (Including Perquisites)	930,000	NIL	930,000	NIL
Prasenjit Datta	Salary (Including Perquisites)	3,551,229	NIL	275,281	NIL
Abhay Lodha	Salary	211,613	211,613	Nil	Nil
Abhay Lodha	Share Application Money Received	129,500,000	147,550,000	Nil	Nil

Notes forming part of the Financial Statements (Contd.)

23. Earning Per Share

Particulars	Year ended 31 st March 2012	Year ended 31 st March 2011
Net Profit attributable to shareholders	2,32,14,090	1,86,53,688
Weighted average no. of Equity Shares	82,01,810	82,01,810
Basic earning per share of ₹ 10/- each.	2.83	2.27

The Company does not have any outstanding dilutive potential equity shares.

Consequently, the basic and diluted earnings per share of the Company remain the same.

24. These financial statements have been prepared in the format prescribed by the revised Schedule VI to the Companies Act 1956. Previous year's figures have been regrouped / rearranged accordingly.
25. Amount is rounded off to the nearest rupee.

Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of **GUJARAT FOILS LIMITED** will be held at the Registered Office of the Company at 3436-3439, Chhatral G.I.D.C. Phase-IV, Taluka: Kalol, District: Gandhi Nagar, Gujarat-382729 on **Wednesday, the 26th Day of September, 2012 at 11.30A.M.** to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Kanchan Murarka, who retires by rotation and, being, eligible offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** M/s. H. R. Agarwal & Associates, Chartered Accountants, (having Firm Registration No. 323029E) be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors of the Company.”

SPECIAL BUSINESSES:

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Surender Kumar Tuteja, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 11th April, 2012 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (‘the Act’) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Rahul B. Chhajed, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th July, 2012 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (‘the Act’) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Mr. Viresh Mathur, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th August, 2012 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (‘the Act’) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a 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** Mr. Sanjiv Goel, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th August, 2012 and who holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 (‘the Act’) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
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 section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/ moneys so borrowed by the Board shall not at any time exceed the limit of Rs. 1000 Crores (Rupees One Thousand Crore Only).

- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-
- “**RESOLVED THAT** company do hereby accord its consent under section 293(1)(a) of the Companies Act, 1956, for mortgaging and/or charging by the Board of Directors of the company of all or any of the immovable and movable properties of the company, wherever situate, both present and future or the whole or substantially the whole of the undertaking or undertakings of the company in such form and in such manner as the Board of Directors may think fit, for the purpose of securing any loans and/or advances already obtained or that may be obtained together with interest at the respective agreed rates all other costs, charges and expenses other moneys payable by the company to the concerned lenders, within the overall limit of Rs. 1,000 Crore (Rupees One Thousand Crore Only).
- RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid.”
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 Sections 94 and other applicable provisions, if any of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from present level of Rs. 150,000,000/- (Rupees Fifteen Crores Only) to Rs. 500,000,000/- (Rupees Fifty Crores Only) divided into 50,000,000 (Five Crores) Equity Shares of Rs. 10/- each (Rupees Ten Only).
- RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts and deeds as may be required to give effect to this resolution.”
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-
- “**RESOLVED THAT** pursuant to Section 16 and other applicable provisions of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be deleted and substituted by the following:
- V. The Authorized Share Capital of the Company is Rs. 500,000,000/- (Rupees Fifty Crores Only) divided into 50,000,000(Five Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each.*
- RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all such acts and deeds as may be required to give effect to this resolution.”
12. 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 modifications or any re-enactment thereof for the time being in force), enabling provisions of the Memorandum and Articles of Association of the Company, provisions of any rules/regulations/guidelines framed/issued by the Securities and Exchange Board of India (“**SEBI**”) (including any amendments thereto or any re-enactment thereof for the time being in force), the Listing Agreement entered into by the Company with the Stock Exchange(s) where the equity shares of the Company are listed, provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) and rules and regulations framed thereunder and provisions of any other applicable rules/regulations/guidelines framed/issued by any appropriate/ statutory authority and subject to such approvals, permissions, sanctions and consents (the “**Approvals**”) as may be necessary and required from the Government of India (“**GOI**”), the Reserve Bank of India (“**RBI**”) and or other appropriate authorities or any other institutions or bodies and such conditions as may be prescribed by any of them while granting any such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as (“**the Board**”) which term shall be deemed to include any Committee of Directors for the time being authorised by the Board to exercise the power conferred on the Board by this resolution), the consent and approval of the members of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranche(s), not exceeding 1,17,25,000 (One Crore Seventeen Lacs Twenty Five Thousands Only) equity shares of Rs. 10/- each on preferential basis in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**ICDR Regulations**”) for cash at a price of Rs. 37/- per share (including a premium of Rs. 27/- per share) or such price which shall not be less than the minimum price as calculated in terms of Regulation 76 under the Chapter VII of the ICDR Regulations, to the following person/entities:

Sl. No.	Name of Allottees	Category	Number of Equity Shares
1.	Abhay Lodha	Promoter Group	52,00,000
2.	Ashwin Lodha	Promoter Group	19,00,000
3.	Sheela Lodha	Promoter Group	8,00,000
4.	Veer Broking Private Limited.	Indian Body Corporate	38,25,000
Total			1,17,25,000

RESOLVED FURTHER THAT the relevant date for the purpose of calculating the issue price of the above mentioned equity shares in accordance with Chapter VII of the ICDR Regulations is 27th August, 2012 being the date 30 (thirty) days prior to the date of the Annual General Meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide the other terms of offer, issue and allotment of the aforesaid equity shares PROVIDED THAT the aforesaid equity shares to be allotted in terms of this resolution shall be made fully paid-up at the time of allotment and shall rank *pari passu* with the existing equity shares of the Company in all respects and the same shall be subject to lock-in for such period as prescribed under Regulation 78 under the Chapter VII of the ICDR Regulations.

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director or any other officer(s) of the Company; AND for the purpose of giving effect to this resolution, the Board acting on its own or through a Committee of Directors or any other person duly authorised in this regard by the Board/ Committee, be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions/ matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), utilization of the proceeds of the issue of shares, execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to the aforesaid resolution, take such further steps as required for the allotment and listing on stock exchanges of the shares to be issued as aforesaid or, such other steps that are incidental and ancillary in this regard and to do, make or accept such alterations, modifications, variations in the foregoing or cancellation of issue of shares, as may be considered desirable or expedient by the Board / Committee/ such authorised person in the best interest of the Company and its shareholders.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:-

“**RESOLVED THAT**, pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and rules framed there under, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Articles of Association of the Company be amended as under:-

- i) **The following Article be inserted after the existing Article 97 as Article 97A:-**

97A. Participation by Members through Electronic Mode:-

Notwithstanding anything contrary contained in the Articles of Association, the Company may provide video conference facility and/ or other permissible electronic or virtual facilities for communication to enable the shareholders of the Company to participate in General Meetings or other meetings of the Company. Such participation by the shareholders at General Meetings or other meetings of the Company through Video Conference facility and/ or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

- ii) **The following Article be inserted after the existing Article 164 as Article 164A:-**

164A. Participation by Directors through Electronic Mode:-

Notwithstanding anything contrary contained in the Articles of Association, the Director (s) may participate in meetings of the Board and committees thereof, through video conference facility and/ or other permissible electronic or virtual facilities for communication. Such participation by the Director (s) at meetings of the Board and Committees through Video Conference facility and/ or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

iii) **The following proviso be inserted after the existing Article 165 (a) :-**

“PROVIDED FURTHER THAT a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of Quorum, notwithstanding anything contrary contained in the Articles of Association.”

iv) **The following proviso be inserted after the existing Article 210:-**

“PROVIDED FURTHER THAT a document or notice of every meeting may be served by the Company on any Member by any electronic mode of communication and in such manner as is/ may be permitted by any law. Where a document or notice of every meeting is served by any such electronic mode, the service thereof shall be deemed to be effected in the manner as/ is may be provided by any law.”

v) **The following Article be inserted in place of the existing Article 181:-**

Article 181 The Seal, its custody and use

The Board shall provide a Common Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the Seal shall never be used except by the authority of the Board or Committee of the Board previously given. Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall be signed by such person as may be authorized by the Board; provided that in respect of the share certificate the seal shall be affixed in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for the use in any territory, district or place outside India.

RESOLVED FURTHER THAT, the Board of Directors of the Company (hereinafter referred to as the ‘Board’ which term shall be deemed to include any Committee or any person which the Board may constitute/ nominate to exercise its powers, including the powers conferred by this resolution) be authorized to carry out the above mentioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this resolution.”

By Order of the Board of Directors
For **Gujarat Foils Limited**

Place: Mumbai
Date 14th August, 2012

Amit Kumar Gupta
Company Secretary

Registered Office:

Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol,
Dist-Gandhinagar, Gujarat-382729

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THEN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Corporate members are requested to send duly certified copy of the Board of Directors resolution/power of attorney authorising their representative to attend and vote at the annual general meeting.
3. Information regarding particulars of directors to be appointed and the directors seeking reappointment requiring disclosure in the terms of the listing agreement and the explanatory statement pursuant to Section 173 of the Companies Act 1956, are annexed hereto. The directorships held by the directors considered for the purpose of disclosure do not include the directorships held in private Companies, foreign companies and companies under Section 25 of the Companies Act. The committee chairmanship/memberships considered for the purposes of disclosure are those prescribed under clause 49(1)(C) of the listing agreement viz. Audit Committee and Shareholders/Investor Grievance Committee of the Indian public Company.

4. As a part of its green initiatives in corporate governance the Ministry of Corporate Affairs vide its Circular No. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively has allowed the companies to send official communication and documents to its shareholders through email. Accordingly in cases where the shareholders have registered their email id with their depository participant/ Companies Registrar and share transfer agent, the Company has decided to henceforth send all documents/communications including notice of general meetings, annual reports, dividend intimations, if any etc., through email. For other cases, the Company will continue to send printed annual reports as usual.

Shareholders are requested to update their preferred email ids with the Company/ depository participants which will be used for the purpose of sending the official documents through e-mail.

5. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September, 2012 to 26th September, 2012 (both days inclusive) in the terms of the provisions of the Companies Act, 1956 and the listing agreement for the purpose of the annual general meeting.
6. The Annual Reports will also be available on the website of the Company www.gujaratfoils.com in the investor section.
7. Shareholders having any question on financial statements or any agenda item proposed in the notice of annual general meeting are requested to send their queries at least ten days prior to the annual general meeting of the Company at its registered office to enable the Company to collect the relevant information.
8. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.
9. Shareholders who are holding shares in physical form are requested to address all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other share related matters and/or change in address or updation thereof to the Company's Registrar and Share Transfer Agent. Shareholders whose shareholding is in electronic format are requested to direct change of address notifications, registration of e-mail address and updation of bank account details to their respective depository participant.
10. In case of joint holders attending the Meeting, only such joint holder, who is higher in the order of names will be entitled to vote.
11. Statutory registers and documents referred to in the notice and explanatory statement are open for inspection at the Registered office of the Company on all working days (except Sunday and Public Holiday) between 11.00 a.m. and 1.00 p.m. upto the date of annual general meeting and will also be available for inspection at the meeting.
12. Shareholders/proxies are requested to bring duly filled admission/attendance slips sent herewith along with the copies of annual reports at the meeting.

By Order of the Board of Directors
For **Gujarat Foils Limited**

Place: Mumbai
Date 14th August, 2012

Amit Kumar Gupta
Company Secretary

Registered Office:
Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol,
Dist-Gandhinagar, Gujarat-382729

PARTICULARS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AT THE ENSUING 20TH ANNUAL GENERAL MEETING PURSUANT TO PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT:

Name of Director	Mr. Kanchan Murarka	Mr. Surender Kumar Tuteja	Mr. Rahul B. Chhajer	Mr. Viresh Mathur	Mr. Sanjiv Goel
Date of Birth	6 th January, 1966	15 th June, 1945	8 th January, 1972	9 th March, 1946	27 th February, 1958
Date of initial Appointment	16 th May, 2011	11 th April, 2012	10 th July, 2012	14 th August, 2012	14 th August, 2012
Expertise in specific functional areas	Finance and Management	Mr. Surender Kumar Tuteja is an IAS (Retd.) official belonging to the Punjab cadre. He has served the Government of India and Government of Punjab in various capacities. He was the Principal Secretary, Industries and Commerce and Principal Secretary, Finance with the Government of Punjab. He retired as Secretary, Department of Food and Public Distribution, Government of India in 2005. He was conferred with the Dayanand Munjal Award in 1992 as "Manager of the Year" by the Ludhiana Management Association. He holds a Masters degree in commerce from the Shriram College of Commerce, University of Delhi and is a fellow member of the Institute of Company Secretaries of India.	Printing and Packaging Industry Management	Mr. Viresh Mathur is an expert in the field of Income Tax. He has served Indian Revenue Service for about 36 years and worked in practically all areas in the Income Tax Department. His last assignment was as Director General (Systems), Income Tax Department. He was also deputed as Under Secretary, CBDT, Ministry of Finance for about 3 Years and deputed as Director and Controller of Aluminium, Ministry of Steel and Mines, New Delhi for about 6 years.	Management, Operations, Projects, Marketing and Strategies
Qualifications	C.A., C.S., ICWA, B.Com	I.A.S., M.COM., F.C.S.	B.Com	M.A., Fiscal Studies (Diploma) from University of Bath (U.K.)	B. Tech

Name of Director	Mr. Kanchan Murarka	Mr. Surender Kumar Tuteja	Mr. Rahul B. Chhajed	Mr. Viresh Mathur	Mr. Sanjiv Goel
Directorships held in other Public Companies (excluding Foreign Companies, Private Companies and Section 25 Companies).	Nil	<ol style="list-style-type: none"> 1. SML Isuzu Ltd. 2. A2Z Maintenance & Engineering Services Ltd. 3. Adani Logistics Ltd. 4. Daawat Foods Ltd. 5. Axis Private Equity Ltd. 6. Trident Corporation Ltd. 7. Shree Renuka Sugars Ltd. 8. Adani Enterprises Ltd. 9. Havells India Ltd. 10. Intas Pharmaceuticals Ltd. 11. Shree Renuka Energy Ltd. 12. Small Industries Development Bank of India 	Nil	<ol style="list-style-type: none"> 1. Emmsons International Ltd. 2. Brahmaputra Infrastructure Ltd. 3. Technofab Engineering Ltd. 4. Precision Fasteners Ltd. 	Nil
Memberships/ Chairmanships of committees (Audit Committee and Shareholders Grievance Committee) across other Public Companies.	Nil	<p>A. Audit Committee Chairmanship:-</p> <ol style="list-style-type: none"> 1. SML Isuzu Ltd. 2. A2Z Maintenance & Engineering Services Ltd. 3. Adani Enterprises Limited. 4. Intas Pharmaceuticals Limited <p>B. Audit Committee Membership:-</p> <ol style="list-style-type: none"> 1. Axis Private Equity Ltd. <p>C. Shareholders Grievance Committee Membership:-</p> <ol style="list-style-type: none"> 1. SML Isuzu Limited 2. Adani Enterprises Ltd. 3. Shree Renuka Sugars Ltd. 	Nil	<p>A. Audit Committee Membership:-</p> <ol style="list-style-type: none"> 1. Technofab Engineering Ltd. 2. Brahmaputra Infrastructure Ltd. 3. Emmsons International Ltd. <p>B. Shareholders Grievance Committee Membership:-</p> <ol style="list-style-type: none"> 1. Technofab Engineering Ltd. 	Nil
Shareholdings in the Company	7500	Nil	Nil	Nil	Nil

Note:-

The Directorships held by Directors as mentioned above, do not include Directorships of Foreign companies, Section 25 companies and Private Limited Companies. Further, pursuant to Clause 49 of the Listing Agreement, only two committees viz. Audit Committee and Shareholders/Investors Grievance Committee have been considered.



Annexure to Notice

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Mr. Surender Kumar Tuteja was appointed as an Additional Director of the Company with effect from 11th April, 2012 and pursuant to the provision of Section 260 of the Companies Act, 1956, holds office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Surender Kumar Tuteja for the office of Director of the Company.

Brief profile of Mr. Surender Kumar Tuteja is given elsewhere in this notice.

Your Directors recommend his appointment as a Director of the Company.

Except Mr. Surender Kumar Tuteja, none of the other Directors of the Company is concerned or interested in the resolution.

ITEM NO. 5

Mr. Rahul B. Chhajed was appointed as an Additional Director of the Company with effect from 10th July, 2012 and pursuant to the provision of Section 260 of the Companies Act, 1956, holds office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Rahul B. Chhajed for the office of Director of the Company.

Brief profile of Mr. Rahul B. Chhajed is given elsewhere in this notice.

Your Directors recommend his appointment as a Director of the Company.

Except Mr. Rahul B. Chhajed, none of the other Directors of the Company is concerned or interested in the resolution.

ITEM NO. 6

Mr. Viresh Mathur was appointed as an Additional Director of the Company with effect from 14th August, 2012 and pursuant to the provision of Section 260 of the Companies Act, 1956, holds office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Viresh Mathur for the office of Director of the Company.

Brief profile of Mr. Viresh Mathur is given elsewhere in this notice.

Your Directors recommend his appointment as a Director of the Company.

Except Mr. Viresh Mathur, none of the other Directors of the Company is concerned or interested in the resolution.

ITEM NO. 7

Mr. Sanjiv Goel was appointed as an Additional Director of the Company with effect from 14th August, 2012 and pursuant to the provision of Section 260 of the Companies Act, 1956, holds office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite deposit under Section 257 of the Act from a shareholder proposing the candidature of Mr. Sanjiv Goel for the office of Director of the Company.

Brief profile of Mr. Sanjiv Goel is given elsewhere in this notice.

Your Directors recommend his appointment as a Director of the Company.

Except Mr. Sanjiv Goel, none of the other Directors of the Company is concerned or interested in the resolution.

ITEM NO. 8 & 9

Presently the Company is engaged in the business of Manufacturing and supply of Aluminium Foils, Strips and Containers for Food, Pharmaceuticals & Packaging Applications.

Section 293(1)(d) of the Companies Act, 1956 requires that the Directors of the Company should obtain the consent of the Shareholders in the General Meeting to enable them to borrow moneys where the amount to be borrowed together with the amount already borrowed by the Company will 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.

In order to meet the future increased requirements of funds, which may arise on account of the expansion plan / programme of the Company, the Company may require to raise further loans / borrowings from financial institutions, banks and others. Accordingly, it is proposed to increase the present limits of borrowings from Rs. 500 Crores to Rs. 1,000 Crores.

Further, to secure the said borrowings, which the Company may borrow from time to time, the Company may require to create mortgages / charges / hypothecation on all or any of the immovable and movable properties of the Company. In order to create

mortgages / charges / hypothecation on the assets of the company, the consent of the shareholders in the General Meeting is required under section 293(1)(a) of Companies Act, 1956 authorising the Board of Directors with necessary powers.

Accordingly, it is proposed to obtain consent of the Company in terms of the provision of Sections 293(1)(d) and 293(1)(a) of the Companies Act, 1956.

The Board of Directors of the Company accordingly recommend the Ordinary Resolutions as set out at Item No. 8 & 9 of this notice for approval of the members.

None of the Directors is interested or concerned in this resolution.

ITEM NO. 10 & 11

The present authorized share capital of the company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs.10/-each (Rupees Ten Only).

The Board of Directors has decided to issue and allot Equity shares on preferential basis to Promoters and others to augment the fund for the expansion projects of the Company.

Therefore the Board propose to increase the present authorized share capital of the Company to Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/-each (Rupees Ten Only).

As per the provision of section 94 of the Companies Act, 1956 and other applicable provisions, if any, the company can increase its present share capital subject to the approval of members by ordinary resolution in general meeting.

Further the above said increase in Authorized Share Capital shall also result in change of Capital clause in the Memorandum of Association of the Company; accordingly as per the provision of section 16 of the Companies Act, 1956, approval of members is required by ordinary resolution in the general meeting.

Therefore the Board of directors recommend the resolutions for your approval at item no 10 and 11 of the accompanying notice.

None of the director is concerned/interested in the resolutions at item no 10 & 11.

ITEM NO. 12

Presently the Company is engaged in the business of Manufacturing and supply of Aluminium Rolled Products (Sheets and Foils), Strips and Containers for Food, Pharmaceuticals & Packaging Applications.

In order to strengthen its financial position and meet its funds requirements for meeting its long term working capital requirements, make part repayment of its debts and for general corporate purposes, the Company is planning to raise funds through issue of equity shares on preferential basis.

The offer, issue and allotment of 1,17,25,000 (One Crore Seventeen Lacs Twenty Five Thousands Only) equity shares of Rs. 10/- each of the Company as envisaged under the proposed Special Resolutions at Item no. 12 of the Notice shall be made in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations").

Copy of the certificate from M/s. H. R. Agarwal & Associates, Chartered Accountants, the Statutory Auditors of the Company, certifying that the issue of equity shares is made in accordance with the ICDR Regulations shall be placed before the Annual General Meeting.

The information as required under Regulation 73 of the ICDR Regulations are given herein below:

i) Objects of the preferential issue

To strengthen its financial position and meet its funds requirements for meeting its long term working capital requirements, make part repayment of its debts and for general corporate purposes.

ii) Proposal of the Promoters / Directors / Key management persons to subscribe to the offer

The Promoters of the Company have expressed their intention to subscribe upto 79,00,000 (Seventy Nine Lacs only) equity shares of Rs. 10 /- each of the Company offered on a preferential basis as proposed in the Special Resolution at Item no. 12 of this notice as under:

Name of Promoter	Category	Number of Equity Shares
Mr. Abhay Lodha	Promoter	52,00,000
Mr. Ashwin Lodha	Promoter	19,00,000
Mrs. Sheela Lodha	Promoter	8,00,000

Other than above, no promoter, director or any other key management persons of the Company intends to subscribe to the equity shares of the Company offered on a preferential basis.

iii) **Shareholding Pattern before and after the issue**

Shareholding Pattern before and after the proposed issue of shares on preferential basis (as envisaged under the proposed Special Resolutions at Item no. 12 of the Notice) based on the shareholding pattern as on 10th August, 2012 is as follows:

Sr. No	Shareholding Pattern / Category	Before issue of Equity Shares		After issue of Equity Shares	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
A	Promoter and promoter group				
1	Indian				
	<i>Mr. Abhay Lodha</i>	3,047,104	37.15	8,247,104	41.39
	<i>Mr. Ashwin Lodha</i>	703,994	8.58	2,603,994	13.07
	<i>Mrs. Sheela Lodha</i>	94,423	1.15	894,423	4.49
	Others	988,665	12.05	988,665	4.96
2	Foreign	-	-	-	-
	Sub Total - A (1+2)	4,834,186	58.94	12,734,186	63.90
B	Public Shareholding				
1	Institutions	-	-	-	-
2	Non - Institutions				
a	Body Corporate				
	<i>Veer Broking Private Limited</i>	-	-	3,825,000	19.20
	Other Body Corporate	893,706	10.90	893,706	4.48
b	Individuals and Others	2,473,918	30.16	2,473,918	12.42
	Sub-Total - B (1+2)	3,367,624	41.06	7,192,624	36.10
	GRAND TOTAL (A+B)	8,201,810	100.00	19,926,810	100.00

Notes:

1. The above Shareholding Pattern is prepared and is contingent on and subject to assuming the full allotment up to approved number of equity shares.
2. The proposed preferential allotment will not result in any change in the management control. Voting right shall change according to the change in shareholding pattern mentioned above.

iv) **Proposed time for allotment of equity shares**

The allotment of equity shares as proposed under Special Resolution as set out at item no.12 of the Notice will be completed within the period of fifteen days from the date of passing of the resolution at the Annual General Meeting to be held on 26th September, 2012 in accordance with the provisions of ICDR Regulations, subject to necessary approval from stock exchange or such other authorities, as may be required.

v) **Identity and percentage of post Preferential Issue capital held by proposed allottees**

The equity shares on preferential basis are proposed to be issued to the following persons and assuming that the allottees apply for the allotment of equity shares to the extent of their full entitlement, the percentage of post holding of the proposed allottees in the Company would be as under :-

Name of proposed allottee	Category	Before issue of Equity Shares		After issue of Equity Shares	
		No. of shares held	% of shareholding	No. of shares held	% of shareholding
Mr. Abhay Lodha	Promoter	3,047,104	37.15	8,247,104	41.39
Mr. Ashwin Lodha	Promoter	703,994	8.58	2,603,994	13.07
Mrs. Sheela Lodha	Promoter	94,423	1.15	894,423	4.49
Veer Broking Private Limited	Indian Body Corporate	-	-	3,825,000	19.20

The proposed resolutions at item no. 12 to the notice is resolution conferring authority on the Board of Directors to cover all the present and future contingencies and corporate requirements in terms of Section 81(1A) of the Companies Act, 1956 and the listing agreement entered into with Stock Exchange, which requires that new shares are first to be offered on pro-rata basis to the existing shareholders of the Company, unless the shareholders at a General Meeting decides otherwise by passing Special Resolution. Accordingly, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the Listing Agreement executed by the Company with the Stock Exchange where its shares are listed.

The Board recommends the Special Resolution for your approval as set out at item no. 12 of the notice.

Except Mr. Abhay Lodha, none of the Directors of the Company are deemed to be concerned or interested in the said resolutions.

ITEM NO. 13

The Ministry of Corporate Affairs ("MCA"), Government of India, New Delhi, vide General Circulars No. 27/2011 and 28/2011 dated 20th May, 2011 and Circular No. 35/2011 dated 6th June, 2011 has permitted companies to hold Board Meetings and Shareholders Meetings through Video conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide circular No. 72/2011 dated 27th December, 2011 made the video conference facility at the Shareholders Meeting optional to the listed Companies.

Section 53 of the Companies Act, 1956 read with Article 210 provides for mode of service of documents and notice and to whom the documents must be served or given of every meeting of members of the Company. The MCA has vide Circular No. 17/2011 dated 21st April, 2011 stated that, a Company would have complied with Section 53 if the service of documents or notice of every meeting on members has been made through electronic mode, provided that the Company has obtained e-mail addresses of the members for sending Notices/ documents through-mail by giving an advance opportunity to every shareholder to register their e-mail addresses with the Company. For this very purpose, the Articles of Association of the Company needs to be altered.

Further, since the Company is expanding its business activities therefore the Company needs to affix its Common Seal on various deeds, documents, agreements etc. The present Clause No. 181 of the Articles of Association relating to provisions of Common Seal requires Common Seal to be affixed in presence of Directors only which becomes practically difficult to comply every time. Therefore Clause no. 181 needs to be altered giving authority to the Board of Directors to authorize the affixation of common seal as they deem fit.

Pursuant to the provision of Section 31 of the Companies Act, 1956, a Company can alter its Articles of Association by passing the Special Resolution at the General Meeting of the Company.

A copy of the existing Memorandum and Articles of Association of the Company along with the proposed draft amendments to the Memorandum and Articles of Association is available for inspection by any Member at the Registered Office of the Company on all working days (except Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m.

The Board of directors recommend the resolutions for your approval stated at item No. 13 of the accompanying notice.

None of the director is interested in the resolutions at item no. 13.

By Order of the Board of Directors
For **Gujarat Foils Limited**

Place: Mumbai
Date 14th August, 2012

Amit Kumar Gupta
Company Secretary

Registered Office:

Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol,
Dist-Gandhinagar, Gujarat-382729



Dear Shareholders,

Re: Green Initiative in Corporate Governance

We wish to inform you that the Ministry of Corporate Affairs, New Delhi ("MCA") (vide its Circulars No.17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. This move by the MCA is welcome since it will benefit the society at large through reduction in paper consumption and contribute towards greener environment. Also you will be able to receive the Communication promptly and without loss in transit.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications / documents including the Notice calling the General Meeting/ Notice of Postal Ballot, audited financial statements, directors' report, auditors' report etc. via electronic mode **on the Email ID registered by shareholders with their Depository Participant (DP) or with Link Intime India Private Limited.**

Shareholders holding shares in demat mode and who have not yet registered their Email ID are requested to kindly register/ update their e-mail ID with their concerned Depository Participant, on which they desire to receive all future communications/ documents as specified above. **In case of change in your Email Address in future**, please update same with your DP.

Please note that the email address indicated in your respective DP accounts periodically downloaded from the depositories viz. NSDL/ CDSL will be deemed to be your registered email address.

Shareholders holding shares in physical mode are requested to register their email address with the Company by sending a written request signed by the First Shareholder mentioning your folio no. to the Registrar & Share Transfer Agents – Link Intime India Private Limited.

Please note that, upon receipt of a requisition from you, the Company shall send all these documents on the address registered with the Company free of cost.

Please note that the Annual Report of your Company along with all future notice/ communication/ documents will be displayed on the Company's website www.gujaratfoils.com

It is clarified that shareholders holding shares in physical form and have not registered their email address with the Registrar/ Company and those Demat Shareholders who have not registered email ID with their DP, will continue to receive physical copies of these documents.

We are sure, that as a responsible citizen, you will whole-heartedly support this initiative and co-operate with the Company to make it a success.

Thanking You,

Yours faithfully,

For **Gujarat Foils Limited**

Amit Kumar Gupta

Company Secretary & Compliance Officer

Gujarat Foils Limited

Regd. Office : Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol, Dist-Gandhinagar, Gujarat-382729

PROXY FORM

20TH ANNUAL GENERAL MEETING ON 26TH SEPTEMBER, 2012

Regd. Folio No.

DP ID:

Client ID No.

No. of Shares held

I/We..... ofbeing a Member/ Members of the above named Company hereby appoint Mr./Ms. of or failing him/her of as my / our proxy to attend and vote for me/ us on my/our behalf at the Twenty Ninth Annual General Meeting of the Company to be held on Wednesday, 26th September, 2012 at 11.30 a.m. at the Registered Office of the Company at 3436-3439, Chhatral G.I.D.C. Phase-IV, Taluka: Kalol, District: Gandhi Nagar, Gujarat-382729.

1 Rupee
Revenue
Stamp

Signed: _____

Date:

Note: Proxy Form must reach the Company's Registered Office not less than 48 (Forty- Eight) hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



Gujarat Foils Limited

Regd. Office : Plot no 3436-3439, Chhatral, G.I.D.C., Phase IV, Taluka-Kalol, Dist-Gandhinagar, Gujarat-382729

ATTENDANCE SLIP

(To be handed over at the entrance of Meeting Venue)

20TH ANNUAL GENERAL MEETING ON 26TH SEPTEMBER, 2012

Regd. Folio No.

DP ID:

Client ID No.

No. of Shares held

Name of the attending Member (IN BLOCK LETTERS)

Name of the Proxy (IN BLOCK LETTERS)

(To be filled in by Proxy attending instead of the Member)

I hereby record my presence at the Twenty Eighth Annual General Meeting of the Company being held on Wednesday, 26th September, 2012 at 11.30 a.m. at the Registered Office of the Company at 3436-3439, Chhatral G.I.D.C. Phase-IV, Taluka: Kalol, District: Gandhi Nagar, Gujarat-382729.

Members'/Proxy Signature

Notes:

1. Interested Joint Members may obtain Attendance Slips from the Registered Office of the Company.
2. Members'/ Joint Members' Proxies are requested to bring the Attendance Slips with them. Duplicate slips will not be issued at the venue.





Laminator - Conversion Plant



Mill Area

Book - Post



Achenbach Mill

If undelivered, please return to :

Gujarat Foils Ltd.
(Secretarial Department)
308, Ceejay House,
Dr. A.B.Road, Worli,
Mumbai-400018.