

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2015-2016

To,
The Members,
Jhaveri Flexo India Limited

Your directors have pleasure in presenting their 30th Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March, 2016.

1. FINANCIAL HIGHLIGHTS (STANDALONE)

During the year under review, performance of your company as under:

(Amt. in Lacs)

Particulars	Current Year 31st March 2016	Previous Year 31st March 2015
Gross Sales	29,633.62	31,218.92
Less excise duty	3,319.60	2,914.50
Net Sales	26,314.02	28,304.42
Raw Material Consumption	18,263.92	22,227.09
Profit before Interest, Depreciation and Tax	2,345.43	1,078.36
Less: Interest	1,129.02	1,041.83
Profit before Depreciation and Tax	1,216.41	36.53
Less: Depreciation	1,158.50	884.01
Profit before Tax	57.91	(847.47)
Less: Provision for Taxation	175.83	(158.02)
Profit after tax	(117.92)	(689.46)
Appropriation:		
Dividend (proposed for the current FY)	—	—
Dividend Distribution Tax	—	—
Balance carried to balance sheet	(117.92)	(689.46)

2. REVIEW OF OPERATIONS

Company is engaged in the business of manufacturing of polymer packaging products such as Laminated Packaging Material, PVC Cling Film, CPP Metalized Film, Surface Protection Tapes, Lamination Film, LLDPE Stretch Film etc. The Company provides end to end packaging solutions to food and FMCG Sector and is also serving the hospitality industry. At present products are sold in local as well as overseas market.

a) Performance review

During financial year 2015-16, company achieved sales turnover of Rs.263.14 crores in comparison to Rs.283.04 crores during F.Y. 2014-15. However, it is important to note that in spite of reduction in turnover, Company has been able to achieve better profitability in comparison to F.Y. 2014-15. Profit before finance cost, depreciation and bad debts amounted to Rs. 34.45 crores as against Rs 10.42 crores in the previous year.

During the year, the company continued with its efforts to undertake various measures to control cost and improve margins. Company achieved cost reduction in various others heads such as employee cost, finance cost, stores and spares, repairs and maintenance etc.

During the year, company either reduced or not taken orders of the products which are having no margin or very low margin. This was well considered decision by the company in order to protect margins rather than go for higher sales. Company mainly focused on to new product and customer development.

Company decided to write off debts which are unrecoverable and outstanding for the period of more than 12 months. However, company would continue its efforts to recover these debts.



b) Dividend

Your Directors do not recommend any dividend for the financial year ended on 31st March, 2016.

c) Share Capital

The paid up Equity Share Capital as at March 31, 2016 stood at '1913.30 lacs'. Further, during the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

d) Transfer of amount of investor education and protection fund

The Company has transferred unclaimed dividend of Rs.1,62,491/- for the financial year 2007-08 to Investors Education Protection Fund (IEPF) on November 26, 2015.

e) Sale of factory land and building

During the year company sold factory land and building located at Village Dapada, Silvassa. All the machinery and equipment's are transferred to its another unit at Village Luhari, Silvassa. This would help company to consolidate its flexible laminate packaging business at one unit and to exercise better control and achieve cost reduction.

3. REVISION OF FINANCIAL STATEMENT:

There was no revision of the financial statements for the year under review.

4. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

• Director Retiring by Rotation:

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Sandeep Jhaveri retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend their approval.

• Declaration of independence:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

• Cessation of Director:

Ms. Nishita Jhaveri, designated as Director, ceased to be associated with Company w.e.f. 10th June, 2015.

• Appointment of Key Managerial Personnel:

Mr. Kshitij Samant was appointed as Key Managerial Person designated as Company Secretary & Compliance Officer of the Company with effect from 01st March, 2016.

• Cessation of Key Managerial Personnel:

Mr. Rohit Oza, designated as Company Secretary & Compliance Officer, ceased to be associated with Company w.e.f. 19th February, 2016.

6. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2016, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and 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, 2016 and of the profit/loss of the Company for that year;

- c. proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

7. DETAILS OF BOARD AND COMMITTEE MEETING:

• Board Meetings:

The Board of Directors met Five times during the financial year ended March 31, 2016 on June 23, 2015 (BM Via Circulation), July 20, 2015, November 9, 2015, January 27, 2016, March 28, 2016.

• Committees of the Board:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee.

• Composition of Audit Committee:

The Audit Committee of the Company as on 31st March, 2016 comprised of the following 3 Director of the Company.

1. Mr. Yogen Lathia- Independent Director
2. Mr. Dinesh Shah- Independent Director
3. Mr. Sandeep Jhaveri- Member/Managing Director

8. RELATED PARTY TRANSCATIONS:

During the year, the Company had not entered into any contract/arrangement transaction with related parties. The details of the related party transactions as required under Accounting Standard - 18 are set out in Note to the financial statements forming part of this Annual Report.

9. DEPOSITS

During the year 2015-16, the Company has accepted the deposits only from directors of the Company which are exempt as per the provision of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. The declarations have been obtained from the directors in terms of Rule 2(c)(viii) of the Companies (Acceptance of Deposits) Rules, 2014. Details of the deposits accepted from directors are provided in notes to financial statement.

10. AUDITORS

• Statutory Auditors:

The Statutory Auditors M/s. Bhattar & Co; Chartered accountants hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s. Bhattar & Co; Chartered Accountants, to the effect that their reappointment, if made, would be within the prescribed limits under section 139 of the Companies Act, 2013 and rules made there under and that the firm is eligible for appointment and is not disqualified for appointment under this Act, the Chartered Accountants Act, 1949 and the rules and regulations made there under.

Necessary resolution for re-appointment of the said Auditors is included in the Notice of AGM for seeking approval of members.

• Secretarial Auditors:

Provisions of Section 204 read with rules made there under, Ms. Vikas R. Chomal & Associates, Practicing Company Secretaries (C.P No. 12133) had been appointed to undertake Secretarial Audit of the Company.

The report of the Secretarial Auditor is annexed herewith as Annexure II and forms part of this Report.

Internal Auditors:

Pursuant to provisions of Section 138 read with rules made there under, the Board has appointed SGCO & Co; Chartered Accountants, as an Internal Auditors of the Company to check the internal controls and functioning of the activities and recommend ways of improvement. The Internal Audit is carried out quarterly basis, the report is placed in the Audit Committee Meeting and the Board Meeting for their consideration and direction.

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate.

11. EMPHASIS MATTERS – SEARCH AND SEIZURE

During financial year 2014-15 a search and seizure operation under Section 132 of the Income Tax Act, 1961 was carried out by the Income Tax Authorities on the Company's premises. During the year company filed revised returns for the respective previous years with the Income Tax Department for amount contended. The resulting tax is paid by the company and disclosed in financial statements.

12. FINANCIAL IRREGULARITY AND MISCONDUCT

During financial year 2014-15 company reported about the conduct of the Company's business, and the financial irregularities and misconduct by Jt. Managing Director, Mr. Krishna Kumar Sadani. The same was also reported by statutory auditors in their report for the financial year 2014-15. He was removed from managerial position by shareholders in their meeting held on September 1, 2014. The company has taken appropriate steps to take action against him and has filed legal cases against him.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

1	The Steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. Replaced high wattage sodium lights in production hall by low watt LED lights. 2. Newly installed all lights are low wattage LED lights which save approx 75% power in comparison to conventional. 3. Maintaining power factor and getting rebate in electric bill regularly. 4. Optimized use of chillers and cooling towers during cold weather conditions specially during night hours.
2	The steps taken by company for utilizing alternate sources of energy	Every energy saving measures is being taken by company on continuous basis including using everywhere high luminous and less wattage fluorescent lamps, making use of natural day light etc.
3	The capital investment on energy conservation equipments	Nil

B. TECHNOLOGY ABSORPTION

1.	Efforts Made	The technologies acquired by the company in the past for the production of Laminates, Cling Film, Stretch Film, Surface Protection Film, CPP Film and Lamination Film have been fully absorbed. Technologies have been further upgraded over the years through in house innovation and knowledge engineering to achieve better material and energy efficiencies.
2.	Benefits Derived	Full understanding of the technology helped the Company to identify and develop product with better efficiency and minimize wastage.
3.	Import of Technology	The Company has not imported any technology during the year.
4.	Expenditure incurred on Research & Development	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Sr. No.	Particulars	Current year (Rs.)	Previous Year (Rs.)
1.	Foreign Exchange Earnings	51,13,40,741	31,46,51,830
2.	Foreign Exchange Outgo	62,79,71,103	64,59,34,757

14. VIGIL MECHANISM POLICY.

Pursuant to Section 177 of the Companies Act, 2013 the rules made there under, the Company has established a Vigil Mechanism for directors and employees to report genuine concerns about any instance of any irregularity, unethical practice and/or misconduct.

15. INTERNAL CONTROL SYSTEM

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place. Internal control systems ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

Board is in the process of further strengthening the internal control system.

16. INTERNAL FINANCIAL CONTROLS

Company has laid down Internal Financial Control Policy which would help in ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the Accounting records and timely preparation of reliable financial information.

Board is in the process of making further improvement in the policy.

17. RISK MANAGEMENT:

The Board is continuously analyzing and assessing the Risk areas to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all

business divisions and corporate functions. Key business risks and their mitigation are considered in the business plans and in periodic management reviews.

Some of the risks and threats that the company is exposed to are-

Technological obsolescence

The company strongly believes that technological obsolescence is a practical reality. Technological obsolescence is evaluated on a continual basis. The use of technology is mainly concentrated in the area of manufacturing. The innovation and advancement in technology is concentrated on improving the quality of the product, increasing the output by reducing the time-lag involved and reducing the wastages.

Fluctuations in Foreign Exchange

While our functional currency is the Indian rupee, we transact a significant portion of our business in USD, Euro, and other currencies and accordingly face foreign currency exposure from our sales in other countries and from our purchases from overseas suppliers in U.S. dollars and other currencies and are exposed to substantial risk on account of adverse currency movements in global foreign exchange markets. In case of major fluctuation either upwards or downwards, the company has hedged foreign currency exposure based on expert advice.

Client Retention

We aim to build long-term relationships with our clients based on quality and value. Company is making constant effort to add new customers and thereby reducing dependence on few large customers.

Industrial Safety, Employee Health and Safety Risk

The Packaging industry is labour intensive and are exposed to accidents, health and injury risk due to machinery breakdown, human negligence etc. Company has developed and implemented critical safety standards across the various departments of the factory, establishing training need identification at each level of employee.

18. APPOINTMENT AND QUALIFICATION OF DIRECTORS

As per the requirement of Section 178 of the Companies Act, 2013, Board has constitutes the Nomination and Remuneration Committee. The Nomination and Remuneration committee determines the qualification, positive attributes and independence of Director and also recommend the Board on remuneration of the Director and Key Managerial Personnel.

19. SEXUAL HARRASMENT POLICY

Considering gender equality, the company has zero tolerance for sexual harassment at workplace. The Company has an SEXUAL HARASSMENT (PREVENTION AND REDRESSAL) POLICY in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

20. CORPORATE SOCIAL RESPONSIBILITY

The Provisions of Section 135 of Companies Act, 2013 is not applicable to your Company.

21. EXTRACT OF ANNUAL RETURN.

Extract of the Annual Return in form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 for the financial year ended March 31, 2016 is provided in Annexure III forming part of this report.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments are provided in the notes to Financial Statement.

23. HEALTH AND SAFETY MEASURES

The standards of health of workers and safety measures to be taken as provided by the Factories Act, 1948 and the rules framed there under have been maintained by your Company.

24. CAUTIONARY STATEMENT

Statements in this Board's Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include change in government regulations, tax laws, economic & political developments within and outside the country and such other factors.

25. GENERAL

During the period under review, there were no frauds reported by the auditors under provisions of the Companies Act, 2013

26. ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to express the sincere appreciation for the incredible support and overwhelming co-operation from bank, financial institutions, customers, suppliers and all other business associates of the Company.

Your Directors give their warm gratitude to the shareholders for their faith in the Company. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

Date: 14/06/2016

On behalf of the Board of Directors

Place: Mumbai

 Value
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Rajul S. Jhaveri
(DIN 00093998)
Chairperson