



ANNUAL REPORT
PG Electroplast Limited
10th Annual Report 2011-12

PG ELECTROPLAST LIMITED COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Promod Gupta	(Chairman & Managing Director)
Mr. Anurag Gupta	(Executive Director)
Mr. Vikas Gupta	(Executive Director)
Mr. Vishal Gupta	(Executive Director)
Mr. Bhawa Nand Choudhary	(Independent Director)
Mr. Ram Dayal Modi	(Independent Director)
Mr. Devendra Jha	(Independent Director)
Mr. Kailash Pati Sharma	(Independent Director)

COMPANY SECRETARY

Mr. Kuntal Kar

REGISTERED OFFICE

B-11, Mahendru Enclave,
Delhi -110 033
Tel-Fax: 91-11-272241326
email: Investors@pgel.in

CORPORATE OFFICE

P-4/2 to 4/6, Site-B, UPSIDC Industrial Area,
Surajpur, Greater Noida,
District Gautam Budh Nagar,
Uttar Pradesh, India, Pin – 201 306
Tel No: +91 – 120 - 256 9323
Fax No: +91 - 120 - 256 9131

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Pvt Ltd.
Plot No. 17 - 24, Vitalrao Nagar,
Madhapur, Hyderabad – 500 081
Tel No: +91 40 2342 0815 – 2342 0824
Fax No: +91 40 2342 0814
Email : elnward.ris@karvy.com;
Website: www.karvy.com

AUDITORS

M/s Chitresh Gupta & Associates
Chartered Accountants,
U-119A, Shakarpur,
New Delhi -11 0092

BANKERS

Standard Chartered Bank
State Bank of India

Contents:

Chairman's Message.....	1
Notice.....	2
Directors' Report.....	8
Management Discussion & Analysis.....	13
Corporate Governance.....	17
Declaration of Code of Conduct.....	26
Compliance Certificate from PCS.....	26
Auditors' Report.....	28
Balance Sheet	33
Profit and Loss Account.....	34
Cash Flow Statement.....	35
Notes to Accounts.....	36
Schedules.....	40
Auditors' Report on Consolidated Accounts.....	59
Consolidated Balance Sheet.....	60
Consolidated Profit & Loss Account.....	61
Consolidated Cash Flow Statement.....	62
Notes to Accounts.....	63
Schedules.....	67
Proxy/Attendance Slip.....	

Chairman's Message

Dear Shareholders

The Indian consumer electronics industry has been growing at a double-digit growth rate since past few years. Higher disposable income, increased product awareness, affordable pricing, and shift in lifestyles have together been instrumental in changing the amount and pattern of consumer spending; thereby, resulting in strong growth in the consumer electronics industry. But still, the consumer electronics goods, like refrigerators, televisions and air conditioners, have low penetration in the country, leaving vast room for future growth.

According to research report by "Booming Consumer Electronics Market in India", the Indian consumer electronics industry will grow at a CAGR of around 18% during 2011-2014. During this time period, we expect that LCD TV will capture majority of the television market share as it will replace Color televisions market to a large extent.

Moreover, we observed that the air-conditioner (AC) segment is one of the most important product segments driving the overall growth of the Indian home appliances market. Introduction of innovative features and technology coupled with the expansion of distribution network is helping the market to grow at a faster rate. Besides this, washing machine and microwave oven is becoming a high growth segment in the consumer electronics market in India. Your Company as a future strategy is looking to expand in Southern part of India. Your Company has paid an advance for land which is close to Chennai auto & electronics hub as a part of the future growth strategy.

Further, many international brands are increasing their presence in India's lucrative consumer electronics industry by establishing their manufacturing base in India which offers an additional opportunity for your company to expand its operations hence we have invested in our new manufacturing plants to boost the production capacity to meet the industry requirements as an OEM supplier. The year 2011 proved to be a bad year for all global markets and effects of global economic recession were also felt in India. The impact of economic stress has unfortunately carried over into the year 2012. The Indian currency took a severe beating and has devaluated quite substantially. I am confident that instability will end soon and the Indian economy will bounce back. During the year the company lost a major share of sales revenue on account of no new government tender business which had contributed around 50% of sales revenue of the company during the previous two years. Also the sales revenues planned as part of its expansion programme could not be fully generated due to problems in ramp up of new lines which has now stabilised and slowdown in sales of our major customers. The additional finance cost and depreciation on account of huge capital investments coupled with foreign exchange fluctuation on account of currency fluctuation during the second half of the year resulted into losses.

The Company is under process of investigation by SEBI and SEBI has passed an ad interim ex-parte Order WTM/PS/IVD-ID5/42/2011/DEC dated 28.12. 2011 prohibiting the company to raise further capital from market, debarring the company and its director from dealing in securities market and asking the Company to call back the ICD and deposit the same together with the balance amount lying in the IPO account in an Escrow account. The company has replied to the above referred ad interim ex-parte order vide its letter dated 10th April 2012.

Keeping in mind our past experiences your company has already started diversifying into other fields like Automobile, Lighting and FMCG industry. These industries also hold immense potential for increasing our plastic moulding and electronics business and these industries are also growing at a very healthy rate. We have already started some business for these industries and our endeavour is to aggressively grow this business into a major revenue stream for your company.

As consumer electronics industry will also grow at a sustainable rate, we are making an endeavour to be the leading OEM supplier to the world's best known brands in India by adding new customers and new products and add to the wealth for all the stakeholders.

Let me put on record my appreciation for all my colleagues, staff, customers, clients, vendors, suppliers, business partners, shareholders, stakeholders, civic and government agencies who have been with us since inception of the business and have supported us all these years

Sd/-
Chairman
14th August 2012.

NOTICE

NOTICE is hereby given that the TENTH ANNUAL GENERAL MEETING of the members of PG ELECTROPLAST LIMITED (the "Company") will be held on Wednesday, 12th September, 2012 at Guru Kirpa Farms, Palla - Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi - 110 036, at 10.00A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss Account for the financial year ended 31st March 2012 and the Audited Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To re-appoint Mr. Vishal Gupta as Director, who retires by rotation and, being eligible, offers him for re-appointment.
3. To re-appoint Mr. Anurag Gupta as Director, who retires by rotation and, being eligible, offers him for re-appointment.
4. To appoint M/s Chitresh Gupta & Associates, Chartered Accountants, Delhi, as Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of section 224 of the Companies Act and other applicable provisions, if any, M/s Chitresh Gupta & Associates, Chartered Accountants, Delhi, (Firm Registration No. 0170749N), be and are hereby re-appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors of the company."

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. BHAWA NAND CHOUDHARY AS DIRECTOR:

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

"RESOLVED THAT Mr. Bhawa Nand

Choudhary, who was appointed as an Additional Director of the company w.e.f 06.02.2012, by the Board of Directors under Section 260 of the Companies Act 1956 and who shall hold office up to the date of this Annual General Meeting and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from him proposing his candidature for the office of the Director and that he has given his consent and is not disqualified to be appointed as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. APPOINTMENT OF MR. RAM DAYAL MODI AS DIRECTOR:

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

"RESOLVED THAT Mr. Ram Dayal Modi, who was appointed as an Additional Director of the company w.e.f 02.05.2012, by the Board of Directors under Section 260 of the Companies Act 1956 and who shall hold office up to the date of this Annual General Meeting and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from him proposing his candidature for the office of the Director and that he has given his consent and is not disqualified to be appointed as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. APPOINTMENT OF MR. DEVENDRA JHA AS DIRECTOR:

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

"RESOLVED THAT Mr. Devendra Jha, who was appointed as an Additional Director of the company w.e.f 02.05.2012, by the Board of Directors under Section 260 of the Companies Act 1956 and who shall hold office up to the date of this Annual General Meeting and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from him proposing his candidature for the office of the Director and that he has given his consent and is not disqualified to be appointed as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. APPOINTMENT OF MR. KAILASH PATI SHARMA AS DIRECTOR:

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

"RESOLVED THAT Mr. Kailash Pati Sharma, who was appointed as an Additional Director of the company w.e.f 02.05.2012, by the Board of Directors under Section 260 of the Companies Act 1956 and who shall hold office up to the date of this Annual General Meeting and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from him proposing his candidature for the office of the Director and that he has given his consent and is not disqualified to be appointed as a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9 ALTERATION/VARIATION OF UTILIZATION OF IPO PROCESS

To consider and, if thought fit, to pass with or without modifications, the following as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 61 of the Companies Act, 1956 and other applicable provisions of the laws, rules and regulations for the time being in force, the consent of the Company be and is hereby accorded empowering the Board of Directors (hereinafter called the "Board" which term shall be deemed to include any Committee which the Board may have constituted to exercise its power including the powers conferred by this resolution), to vary, alter, modify or reschedule the manner of utilization of IPO Proceeds as referred in the Prospectus dated September 14, 2011 by including but not limited to rescheduling the utilization towards the project(s) set out in the Prospectus and/or increasing/ decreasing expenditure(s); deploying the proceeds to take alternative steps for enhancing its production capacity by the process of acquisition, expansion anywhere in India, and for incurring capital expenditure or make investment of the earmarked fund for the said purpose, as the Board of Directors may deem fit.

NOTES:

1. The relevant Explanatory Statements, pursuant to section 173 of the Companies Act, 1956, in respect of business under Item Nos. 5, 6, 7 and 8 above, are annexed hereto. In terms of the requirements of Clause 49 of the Listing Agreement, brief profiles of Directors seeking appointment / re-appointment, form part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF SELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members intending to send their authorized representatives to attend the Tenth Annual General Meeting are requested to send a certified copy of their Board Resolution authorizing their representative to attend and vote at the said Annual General Meeting.
4. The Register of Members and Share Transfer Books shall remain closed from Monday, 10th September, 2012 to Wednesday, 12th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. The Board of Directors of the Company recommends no dividend.
6. Shareholders desirous of asking any questions at the Tenth Annual General Meeting are requested to send in their questions so as to reach the Company's Registered Office at least 7 (Seven) days before the date of Tenth Annual General Meeting so that the same can be suitably replied to.

By Order of the Board of Directors of

PG ELECTROPLAST LIMITED

By Order of the Board of Directors of

PG ELECTROPLAST LIMITED

Sd/-

Place: Greater Noida

Kuntal Kar

Date: 14.08.2012

Company Secretary

Sd/-

Kuntal Kar

Company Secretary

ANNEXURE TO NOTICE

1. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item Nos. 5, 6, 7 and 8

Mr. Bhawa Nand Choudhary, Mr. Ram Dayal Modi, Mr. Devendra Jha and Mr. Kailash Pati Sharma were appointed as Additional Directors of the Company by the Board of Directors in their meeting. Pursuant to the provisions of Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, the term of office of the said Additional Director expires at the ensuing Annual General Meeting of the Company, and are eligible for appointment.

The Company is in receipt of the notices in writing pursuant to Section 257 of the Companies Act, 1956 proposing the candidatures of Mr. Bhawa Nand Choudhary, Mr. Ram Dayal Modi, Mr. Devendra Jha and Mr. Kailash Pati Sharma for the office of Director of the Company.

Mr. Bhawa Nand Choudhary is a technocrat with over 3 decades experience in project management, manufacturing activity and management. Currently he is working with Prakash Industries Limited (Steel and Power division). Before this he has worked with KVS Group of Companies, Rama Vision Limited, Astrotech International, Western Electronics Limited, Elcaps Capacitors Limited, UPTRON India Limited, TELCO and Bihar Airport Limited.

Mr. Ram Dayal Modi is Certified Associates of Institute of Bankers with an experience around four decades in the areas of Banking, Operations & Training. He has been a part of Central Management Committee (Planning and Development) in State Bank of Patiala for over two years. He has worked as Deputy General Manager & All India Head (SAGM and RECOVERY) in State Bank of Bikaner and Jaipur.

Mr. Devendra Jha is a Civil Engineer from IIT with overall experience of more than 3 decades in planning, project management and construction of large-scale buildings & townships. He has worked with Gannon Dunkerley Realty Limited. He is currently working as Head, Building Division in Totem Infrastructure Limited. He is a fellow member of Institute of Engineers (India) (FIE) and Institute of Valuers. He is also a member of Institute of surveyors.

Mr. Kailash Pati Sharma is a double Graduate in Science and Engineering with Electronics and Telecommunication specialization with about 16 years' experience in fields of IT, ITES and Consumer Industry and is presently associated with DELL Computers. He has worked with LG, Agilent & Panasonic.

The Board considers it desirable that the Company should continue to avail itself of the services of these persons as Directors and accordingly recommend the Resolutions at Item Nos. 5, 6, 7 and 8 for approval by the Members.

None of the Directors other than Mr. Bhawa Nand Choudhary, Mr. Ram Dayal Modi, Mr. Devendra Jha and Mr. Kailash Pati Sharma is interested in the Resolution at Item Nos. 5, 6, 7 and 8 respectively.

Item No. 9

The Company came out with a Public Issue in terms of Prospectus dated 14th September, 2011. The main object of raising funds through this issue was to Prepayment of the portion of term loan and line of credit facility, Expansion of manufacturing facility, Long term Capital Requirement etc.

The Board of Directors have decided to:

- (a) Slow down the process of installing the balance machinery/equipment in the new manufacturing facility due to the prevailing negative sentiment in the market and/or a slow down in the economy and
- (b) To pursue expansion of business in south India and other areas for reducing the transportation cost etc. The Board of Directors shall constantly review the viability of the aforesaid project as well as alternate projects.

Considering the above, the Board has utilized the proceed of public Issue as per the table given below:

Particulars	Up to 30.06.2012 (Rs. In Lakhs)
Proceeds from IPO	12064.50
Less utilization	
Issue related expenses	1000.72
Expansion of manufacturing facility under Phase II*	5653.42
General Corporate Purpose	1485.00
Repayment of Loans	100.00
Working Capital	713.59
Total Expenditure	8952.73
Balance pending for utilisation	3101.77
a. Unutilised balance lying in Escrow Account	151.77
b. Unutilised balance deployed in Inter Corporate Deposits**	2950.00

* This amount represents payments/advance made toward the capital assets i.e. machinery, building etc.

** The funds have been temporarily deployed as an Interim measure to earn Interest pending deployment towards the objects of the issue. The Company has issued notice to parties for calling back of the ICD of Rs. 3100 lakhs to comply with the SEBI Directions, out of which Rs. 150.00 lakhs has been received and deposited in escrow account maintained with Standard Chartered Bank.

To confirm the decision of the board to vary the utilization of the fund as and when considered advantageous compared to the proposed utilization as disclosed in the Prospectus dated 14th September, 2011, the consent of the members is required pursuant to provisions of Section 61 of the Companies Act, 1956. Your Board recommend passing of the above resolution as set out in the Notice.

None of the Directors of the Company is interested /concerned in the resolution except as members of the Company.

By Order of the Board of Directors of
PG ELECTROPLAST LIMITED

Sd/-
Kuntal Kar
Company Secretary

2. BRIEF DETAILS OF DIRECTORS PROPOSED TO BE RE-APPOINTED/APPOINTED:

The brief details of directors seeking re-appointment/appointment at the Tenth Annual General Meeting are as under:

Mr. Vishal Gupta :

Date of Birth	25/09/1972
Education Qualification	MBA (Finance)
Date of Appointment on the Board	01/05/2010
Category of Director	Whole - Time, Executive
Area of Expertise/ Senior Position Held/ Work Experience	He has experience of around 17 years in the field of electronics manufacturing services.
Names of other Directorships in Public Limited Company	NIL
Names of Committees in which a Chairman	NIL
Names of Committees in which a Member	Audit Committee, Shareholders'/Investors' Grievance cum - Share Transfer Committee, Loan Committee and Investment Committee
Number of shares held in the Company	20, 75, 012 Equity Shares

Mr. Anurag Gupta :

Date of Birth	27/05/1969
Education Qualification	B.E. in Computer Engineering & Science
Date of Appointment on the Board	17/03/ 2003
Category of Director	Whole time, Executive
Area of Expertise/ Senior Position Held/ Work Experience	He has experience of around 17 years in the field of electronics manufacturing services.
Names of other Directorships in Public Limited Company	Kushang Technologies Limited
Names of Committees in which a Chairman	Loan Committee
Names of Committees in which a Member	Loan Committee and Investment Committee
Number of shares held in the Company	15,14, 222 Equity Shares

Mr. Bhawa Nand Choudhary:

Date of Birth	09/01/1953
Education Qualification	M. Tech (Production Management), B. Tech (Mechanical)
Date of Appointment on the Board	06/02/2012
Category of Director	Non-Executive and Independent
Area of Expertise/ Senior Position Held/ Work Experience	He is a technocrat with over three decades experience in project management, Manufacturing, Production activities and management.
Names of other Directorships in Public Limited Company	NIL
Names of Committees in which a Chairman	Remuneration Committee
Names of Committees in which a Member	Audit Committee and Remuneration Committee
Number of shares held in the Company	NIL

Mr. Ram Dayal Modi:

Date of Birth	30/06/1951
Education Qualification	MA (Pol. Science), Certified Associates of Indian Institute of Bankers
Date of Appointment on the Board	02/05/2012
Category of Director	Non-Executive and Independent
Area of Expertise/ Senior Position Held/ Work Experience	He has looked after various domains of entire Bank & Policy making thereof.
Names of other Directorships In Public Limited Company	MBL Infrastructure Limited, MBL (MP) Toll Road Company Limited
Names of Committees in which a Chairman	Audit Committee
Names of Committees in which a Member	Audit Committee and Remuneration Committee
Number of shares held in the Company	NIL

Mr. Devendra Jha:

Date of Birth	01/10/1954
Education Qualification	B. Tech (Civil) from IIT, Kanpur, ME (Highway), Diploma in Mgt.
Date of Appointment on the Board	02/05/2012
Category of Director	Non-Executive and Independent
Area of Expertise/ Senior Position Held/ Work Experience	Over 31 years of experience in Planning, Project Management & construction of large scale Building, Township and real Estate Projects.
Names of other Directorships in Public Limited Company	NIL
Names of Committees in which a Chairman	NIL
Names of Committees in which a Member	Audit Committee and Remuneration Committee
Number of shares held in the Company	NIL

Mr. Kailash Pati Sharma:

Date of Birth	10/02/1970
Education Qualification	Graduate in Science and Engineering with Electronics and Telecommunications.
Date of Appointment on the Board	02/05/2012
Category of Director	Non-Executive and Independent
Area of Expertise/ Senior Position Held/ Work Experience	He has a vast experience in the field of IT, ITES and consumer Industry.
Names of other Directorships in Public Limited Company	NIL
Names of Committees in which a Chairman	Shareholder's/Investors Grievance-cum-Share Transfer Committee
Names of Committees in which a Member	Shareholder's/Investors Grievance-cum-Share Transfer Committee
Number of shares held in the Company	NIL

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors hereby presents the Tenth Annual Report together with the audited financial statements for the financial year ended 31st March, 2012.

FINANCIAL RESULTS

The Financial performance for the year ended 31st March, 2012 is summarized below:

Particulars	Standalone Financials (Rs. In Lacs)		Consolidated Financials (Rs. In Lacs)	
	2011-12	2010-11	2011-12	2010-11
Revenue from Operations (Net of Excise Duty)	22,182.42	42,407.57	22,182.43	42,407.58
Other Income	413.31	300.46	413.31	300.46
Less: Expenditure before depreciation	21,927.21	39,619.79	21,927.50	39,618.28
Earnings Before Interest, Tax, Exceptional Items, Depreciation and Amortization	668.52	3,088.24	668.24	3,089.76
Less: Finance Cost	1,063.68	555.65	1,063.69	556.00
Depn & Amortization Exp	450.82	206.78	450.82	206.78
Exceptional Items	11.47	2.26	11.47	2.26
Profit / (Loss) before tax	(857.45)	2,323.55	(857.74)	2,324.72
Less: Tax Expenses				
- Current Tax	-	463.10	-	463.47
- Income Tax for earlier yrs	4.39	2.73	4.40	2.73
- Deferred Tax	-	72.41	-	72.41
Profit/ (Loss) Post Taxes	(861.84)	1,785.31	(862.14)	1,788.11

BUSINESS OPERATIONS:

During the financial years 2011-12, on standalone basis, the company achieved gross revenue of ₹ 225.95 Crores and EBIT stands to ₹ 2.06 Crores. During the year under review the Company incurred losses post taxes amounting to ₹ 8.61 Crores. Major reasons for losses were on account of (a) Increase in Finance Cost, (b) Increase in Depreciation, (c) Net Exchange difference due to erosion of value of domestic currency against the dollar currency and (d) Undersized performance of newly established manufacturing units because of lack of orders due to recessive global economic conditions. With your continuous support we are looking forward for better performance in upcoming years.

CONSOLIDATED FINANCIAL STATEMENT

In terms of Section 212(8) of the Companies Act, 1956 read with the General Circular No.2/2011 dated February 8, 2011 Issued by the Ministry of Corporate Affairs, Government of India, general exemption has been provided to companies from compliance of the provisions of Section 212(1) of the Companies Act, 1956 subject to compliance with conditions as referred to in the said General Circular No.2/2011 dated February 8, 2011. The Board of Directors of the Company, accordingly, has given its consent for not attaching the balance sheet of the subsidiaries and accordingly, the balance sheet, statement of profit and loss and other documents of the subsidiary companies are not being attached with the balance sheet of the Company.