



ANNUAL REPORT

PG Electroplast Limited

11th Annual Report 2012-13

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. Sharad Jain	(Independent Director)
Mr. Ram Dayal Modi	(Independent Director)
Mr. Devendra Jha	(Independent Director)

COMPANY SECRETARY

Mr. Kuntal Kar

REGISTERED OFFICE

B-11, Mahendru Enclave,
Delhi -110 033
Tel-Fax: 91-11-27241326
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, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Tel No: +91 40 2342 0815 - 2342 0824
Fax No: +91 40 2342 0814
Email : einward.ris@karvy.com;
Website:www.karvy.com

AUDITORS

M/s Chitresh Gupta & Associates
Chartered Accountants,
U-119A, Shakarpur,
New Delhi -110 092

BANKERS

Standard Chartered Bank
State Bank of India
HDFC Bank

Contents:

Notice.....	1
Directors' Report.....	12
Corporate Governance.....	16
Declaration of Code of Conduct.....	26
Compliance Certificate from PCS.....	26
Management Discussion & Analysis.....	27
Auditors' Report.....	29
Balance Sheet	34
Profit and Loss Account.....	35
Cash Flow Statement.....	36
Notes to Accounts.....	37
Schedules.....	41
Auditors' Report on Consolidated Accounts.....	59
Consolidated Balance Sheet.....	61
Consolidated Profit & Loss Account.....	62
Consolidated Cash Flow Statement.....	63
Notes to Accounts.....	64
Schedules.....	68
Proxy/Attendance Slip.....	

NOTICE FOR THE ANNUAL GENERAL MEETING

NOTICE is hereby given that ELEVENTH ANNUAL GENERAL MEETING of the members of PG ELECTROPLAST LIMITED (the "Company") will be held on Monday, 30th day of September, 2013 at 10.30 A.M at Guru Kirpa Farms, Palla - Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-110 036 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit & Loss Accounts for the year ended on that date together with the Auditor's Report and Directors' Report thereon.
2. To re-appoint Mr. Promod Gupta as Director, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To re-appoint Mr. Vikas Gupta as Director, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint M/s Chitresh Gupta & Associates, Chartered Accountants, Delhi, as Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. APPOINTMENT OF MR. SHARAD JAIN 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. Sharad Jain, who is appointed as an additional Director of the company w.e.f. 09.11.2012, by the Board of Directors under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and for the appointment of whom the company has received a notice under Section 257 of the Companies Act, 1956 from him 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. RE-APPOINTMENT AND REMUNERATION OF MR. PROMOD GUPTA AS MANAGING DIRECTOR OF THE COMPANY:

To consider and, if thought fit, to pass with or without modification the following resolution as **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of sections 269, 198, 309, 310 and 311 and other applicable provisions, if any and rules and regulations made there under read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves re-appointment of Mr. Promod Gupta as Managing Director of the Company, who has attained age of 71 years, for a period of 3 years w.e.f. 15th July, 2013 on the terms and conditions as recommended by the remuneration committee and set out in explanatory statement annexed to the Notice convening this meeting with liberty to Board of Directors to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the company and is acceptable to Mr. Promod Gupta, without further reference to the company in the general meeting so as not to exceed the limits or ceilings specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take all such steps as may be necessary, expedient and desirable to give effect to this resolution."

7. RE-APPOINTMENT AND REMUNERATION OF MR. ANURAG GUPTA AS WHOLE-TIME DIRECTOR OF THE COMPANY:

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 sections 269, 198, 309, 310 and 311 and other applicable provisions, if any and rules and regulations made there under read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves re-appointment of Mr. Anurag Gupta as Whole-Time-Director of the Company for a period of 3 years w.e.f. 15th July, 2013 on the terms and conditions as recommended by the remuneration committee and set out in explanatory statement annexed to the Notice convening this meeting with liberty to Board of Directors to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the company and is acceptable to Mr. Anurag Gupta, without further reference to the company in the general meeting so as not to exceed the limits or ceilings specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, expedient and desirable to give effect to this resolution."

8. RE-APPOINTMENT AND REMUNERATION OF MR. VISHAL GUPTA AS WHOLE-TIME DIRECTOR OF THE COMPANY:

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 sections 269, 198, 309, 310 and 311 and other applicable provisions, if any and rules and regulations made there under read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves re-appointment of Mr. Vishal Gupta as Whole-Time-Director of the Company for a period of 3 years w.e.f. 15th July, 2013, on the terms and conditions as recommended by the remuneration committee and set out in explanatory statement annexed to the Notice convening this meeting with liberty to Board of Directors to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the company and is acceptable to Mr. Vishal Gupta, without further reference to the company in the general meeting so as not to exceed the limits or ceilings specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, expedient and desirable to give effect to this resolution."

9. RE-APPOINTMENT AND REMUNERATION OF MR. VIKAS GUPTA AS WHOLE-TIME DIRECTOR OF THE COMPANY:

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 sections 269, 198, 309, 310 and 311 and other applicable provisions, if any and rules and regulations made there under read with Schedule XIII of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves re-appointment of Mr. Vikas Gupta as Whole-Time-Director of the Company for a period of 3 years w.e.f. 15th July, 2013, on the terms and conditions as recommended by the remuneration committee and set out in explanatory statement annexed to the Notice convening this

meeting with liberty to Board of Directors to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors of the company and is acceptable to Mr. Vikas Gupta, without further reference to the company in the general meeting so as not to exceed the limits or ceilings specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, expedient and desirable to give effect to this resolution."

10. ALTERATION OF ARTICLES OF ASSOCIATION:

To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, existing Article 190 of the Articles of Association of the Company be and is hereby substituted as under:

Article 190: Affixing of Common Seal

(a) The common seal shall be affixed to any instrument only by authority of a resolution by Board or Committee.

(b) Subject to Rule 6 of the Companies (Issue of Share Certificate) Rule, 1960 every share certificate shall be issued under the seal of the company, which shall be affixed in the presence of

(i) Two directors or persons acting on behalf of the directors under a duly registered power-of-attorney; and

(ii) The secretary or some other person appointed by the Board for the purpose.

The two directors or their attorneys and the secretary or other person shall sign the share certificate provided that at least one of the aforesaid two directors shall be a person other than a managing or whole-time director.

(c) For every other instrument, common seal of the company shall be affixed by the persons as authorized by the resolution of the Board or Committee thereof authorized in that behalf, and in the presence of (i) at least one director and of the secretary; or (ii) any two directors or persons acting on behalf of the directors under a duly registered Power of Attorney."

11. APPROVAL FOR ENTERING INTO CONTRACTS WITH RELATED PARTIES:

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

"RESOLVED THAT pursuant to approvals by Regional Director (NR), Ministry of Corporate Affairs, under Section 297(1) of the Companies Act, 1956, consent of members be and is hereby given to the Company to enter into contracts

- with M/s Clearvision Industries, M/s J.B. Electronics, M/s PG International for purchase & sale of goods and services availed and provided for all kind of electronic, electrical & automobile plastic components and related goods; and
- with M/s Promod Gupta, for availing of job work services from contractee party for the raw materials provided by the company and in turn receive the finished products;

as per the terms and conditions set out in the agreement entered into with the contractee party (ies) and as approved by the Regional Director(NR).

“RESOLVED FURTHER THAT

- a) the said contracts are competitive, at arm's length, without conflict of interest and is not less advantageous to it as compared to similar contracts with other parties and there is no default in repayment of any of its debts (including public deposits) or debenture or interest payable thereon and has filed its up to date balance sheet and annual return with the Registrar of companies;
- b) the said contracts are falling within the provisions of Section 297 of the Companies Act, 1956 and provisions of Section 198, 269, 309, 314 and 295 are not applicable in the contract; and
- c) the Company and its Directors have complied with the provisions of Section 173, 287, 299, 300 and 301 and other applicable provisions of the Companies Act, 1956 with regards to the said contracts.

By Order of the Board of Directors of
PG ELECTROPLAST LIMITED
Sd/-
(Kuntal Kar)
Company Secretary

Place: Greater Noida

Date: 12.08.2013

NOTES:

1. The relevant Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under Item Nos. 5, 6, 7, 8, 9, 10 and 11 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 SELFSELF 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 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 23rd September, 2013 to Monday, 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
5. The Board of Directors of the Company has not recommended any dividend.
6. Members/proxies are requested to produce the Attendance Slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
7. Members, who hold shares in de-materialized form, are requested to bring their DP I.D. and Client I.D. No(s) for easier identification of attendance at the meeting.
8. The Ministry of Corporate Affairs, Government of India has introduced a 'Green initiative in the Corporate Governance' by allowing paperless compliances by the companies for service of documents to their members through electronic mode, which will be in compliance with Section 53 of the Companies Act, 1956.

In view of the above, the Company has already dispatched two written communications to its members on August 26, 2012 and July 26, 2013 requesting them to register their designated email ID.

However, Members who are desirous of obtaining physical copy of the Notices, Annual Reports and other documents may mail/forward their written request to the Company for the same.

9. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
10. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No.2B in duplicate (which will be made available on request) to Karvy.
11. For effecting changes in address/bank details/NECS (National Electronic Clearing Services) / ECS (Electronic Clearing Services) mandate, members are requested to notify:
 - (i) Karvy, if shares are held in physical form; and
 - (ii) their respective Depository Participant (DP), if shares are held in electronic form
12. 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.

By Order of the Board of Directors of
PG ELECTROPLAST LIMITED
Sd/-
(Kuntal Kar)
Company Secretary

ANNEXURE TO NOTICE: I

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

Item No. 5:

Mr. Sharad Jain has been appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 09/11/2012. 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, but is eligible for re-appointment.

The Company has received the notice in writing, pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Sharad Jain for the office of Director of the Company.

He is 52 year aged, Chartered Accountant by profession and is a practicing professional. He has a bouquet of 23 years of work experience in the areas of financial and strategic planning, project financing, fund and banking management, taxation, accounting and budgeting, auditing etc. and consulting with manufacturing, real estate and trading companies. He has a strong relationship with banks and financial institutions due to his capabilities in consulting activities in term loans, project finance and working capital requirements of large business houses. He does not hold directorship in any company other than PG Electroplast Limited. Further he does not hold any share in the Company.

None of the Directors other than Mr. Sharad Jain is interested in the Resolution at Item No. 5.

Item Nos. 6, 7, 8 and 9:

The Board of Directors has recommended the names of Mr. Promod Gupta as Managing Director and Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta as Whole-Time Directors of the Company for a period of 3 years effective from 15th July, 2013 on the terms and conditions specified hereunder.

Terms and Conditions:

1. Mr. Promod Gupta has been re-appointed as Managing Director and Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta have been appointed as Whole-Time Directors of the Company for a period of 3 (three) years with effect from 15th July, 2013 till 14th July, 2016.

2. The Managing Director and Whole-Time Director/(s) shall devote their whole time and attention to the business of the Company and carry out such duties as may be entrusted to them by the Board from time to time and exercise such powers as may be assigned to them, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of any one or more of its associated companies and/or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the Boards of such associated companies and/or subsidiaries or any other executive body or any committee of such a company.

3. The Managing Director and Whole-Time Director/(s) undertake to employ the best of their skills and abilities to make his utmost endeavour to promote the interests and welfare of the Company.

4. Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta declared to the Company that they do not suffer from any of the disqualifications detailed in Sections 267, 274(1) and Schedule XIII of the Companies Act, 1956 and their re-appointments are based on the representations made by them in the said declarations.

5. Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vishal Gupta and Mr. Vikas Gupta shall, so long as they continue to be Managing Director/Whole-Time Director/(s) of the Company be paid the following remuneration individually:

REMUNERATION:

BASIC SALARY: Rs. 1,45,000/- per month

PERQUISITES: Perquisites as detailed below are allowed in addition to basic salary.

Part – A

- a) **House Rent Allowance:** Rs. 72,500/- per month
- b) **Transportation Allowance:** Rs. 6,000/-per month
- c) **Uniform Allowance:** Rs. 5,000/- per month
- d) **Medical Expenses Reimbursement:** Reimbursement of medical expenses shall be restricted to Rs. 15,000/- per annum.
- e) **Children Education Allowance:** Rs. 2,000/- per month

Part- B

Provident Fund Employer's Contribution: 12% of earned basic pay towards provident fund.
Reimbursement of telephone expenses for official use as per the rules of company.
Reimbursement of conveyance expenses incurred for official work as per the rules of company.

Part-C

Other Benefits

A) Such other benefits, amenities, facilities and perquisites as per the rules of the company as may be permitted by the Board of Directors, to the Managing Director and Whole-time Director/(s).

B) Managing Director and Whole-time Director/(s) of the Company shall not be paid any sitting fees for attending the meetings of the Board or any Committee/(s) thereof.

Part – D

Minimum Remuneration

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director and Whole-time Director/(s), the Company has no profits or its profits are inadequate, the Company will pay to the Managing Director and Whole-time Director/(s) remuneration by way of salary, benefits, perquisites & allowances as specified above.

Part –E

Commission: Such amount for each accounting year as may be decided by the Board subject to the overall limit(s) as provided in the Companies Act, 1956.

Part – F**Termination of Agreement**

Before the expiry of 3 years term, this agreement may be terminated by either of the parties only in case of any exigencies and that also only through a written notice of 1 month.

In the event of termination of appointment of Managing Director and Whole-time Director/(s) by the Company he shall be entitled to receive compensation in accordance with the provisions of Section 318 of the Companies Act, 1956.

Part – G**Arbitration**

Both the parties hereto shall endeavor to resolve all disputes, amicably and in good faith through mutual dialogue. However all disputes which fail to be resolved in that manner, shall be subject to arbitration, by a sole arbitrator, to be appointed, by chairman of the company, to be conducted as per The Arbitration and Conciliation Act, 1996 at Delhi only. All disputes arising out of this contract/(s) shall be settled exclusively within the courts of Delhi jurisdiction.

6. The terms and conditions of the appointment of the Managing Director may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, irrespective of the limits stipulated under Schedule XIII or any other provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), or any amendments made hereinafter in this regard in such manner as may be agreed to between the Board and the Managing Director, subject to such approvals as may be required.

STATEMENT CONTAINING INFORMATION AS PER SCHEDULE XIII TO THE COMPAINES ACT 1956:**A. GENERAL INFORMATION**

1. Name of the industry: Manufacturing Industry

2. Date or expected date of commencement of commercial production:

The date of commercial production of the company started on 05.10.2003.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable

4. Financial performance based on given indicators:

As per reported Audited Financial Results for the last two years

S. No.	Particulars	As on 31.03.2013 (Rs. in lakh)	As on 31.03.2012 (Rs. in lakh)
1	Turnover & Other Income	30,921.44	22,595.74
2	Profit/(Loss) Before Tax	(879.54)	(857.45)
3	Profit/(Loss) After Tax	(499.72)	(861.84)
4	Net Worth	14,250.20	14,742.59

5. Export Performance and net Foreign Exchange collaborations:

NIL

6. Foreign investment and Collaborators, if any : NIL

B. INFORMATION ABOUT THE APPOINTEES: Please refer to Annexure B of the Notice.

Information regarding job profile and pecuniary relations are given hereunder:

APPOINTEE NO.1 - MR. PROMOD GUPTA

1. Job Profile:

Mr. Promod Gupta heads the Company with his excellent skills of communication, liaisoning and wisdom to the organization through which the company achieves good relations with its existing customers and he will ensure functions that can deliver new and improved products and services to customers in an efficient and cost effective manner. His expertise are in the area of production helps improve the operational systems, processes and policies in support of organizational mission. He is a visionary and the company makes use of his knowledge for long term organizational planning and formation of strategies to achieve organizational objectives.

2. Comparative remuneration profile:

Taking into consideration the size of the company, profile of the Mr. Promod Gupta, responsibilities shouldered by him and industry benchmarks the remuneration proposed is reasonable and commensurate with the remuneration package being offered in other companies to managerial persons.

3. Pecuniary relation if any

Mr. Promod Gupta is a Promoter Director of the company. His sons are Mr. Vikas Gupta, Mr. Anurag Gupta and Mr. Vishal Gupta, who are the Directors of the Company. He is proposed to be re-appointed as Managing Director of the company on monthly payment of remuneration. Besides this he has no other pecuniary relation with the company.

APPOINTEE NO.2 - MR. ANURAG GUPTA

1. Job Profile:

Mr. Anurag Gupta will establish operations and maintenance routines (preventive, general, and emergency) to service all equipment, develop and supervise completion of all maintenance schedules. Monitor the condition of components and recommend replacement and/or upgrade as required to Research and Development & Quality Assurance Departments. Will develop and execute a long term technology plan, recommend equipment acquisitions and participate in negotiation of equipment purchases and technical service contracts. He will be responsible for development and implementation of all technical policy and procedures and all associated production and post-production services and activities, consistent with guidelines.

2. Comparative remuneration profile:

Taking into consideration the size of the company and profile of Mr. Anurag Gupta, responsibilities shouldered by him and industry benchmarks the remuneration proposed is reasonable and commensurate with the remuneration package being offered in other companies to managerial persons.

3. Pecuniary relation if any

Mr. Anurag Gupta is a Promoter Director of the company. He is the eldest son of Mr. Promod Gupta and brother of Mr. Vishal Gupta and Mr. Vikas Gupta, Directors of the Company. He is proposed to be re-appointed as Whole-Time Director of the company on monthly payment of remuneration. Besides this, he has no other pecuniary relation with the company.

APPOINTEE NO.3 - MR. VISHAL GUPTA

1. Job Profile:

Mr. Vishal Gupta will direct annual budgeting and planning process of the organization, Oversee monthly and quarterly assessments and forecasts of organization's financial performance, monitoring cash flows, provide financial and human resources advice and guidance to senior members of team to ensure compliance of