



ANNUAL REPORT
PG Electroplast Limited
12th Annual Report
2013-14

PG ELECTROPLAST LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Promod Gupta	(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)
Mr. Ayodhya Prasad Anand	(Independent Director)

CHIEF FINANCIAL OFFICER

Mr. K. A. Khandelwal

COMPANY SECRETARY

Mr. Rahul Kumar

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 -11 0092

BANKERS

State Bank of India
Standard Chartered Bank

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DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors hereby presents the Twelfth Annual Report together with the audited financial statements for the financial year ended March 31, 2014.

FINANCIAL RESULTS

The Financial performance for the year ended 31st March, 2014 is summarized below:

(Rs. in Lacs)

Particulars	2013-14	2012-13
Revenue from Operations (Net of Excise Duty)	21,812.60	30,264.05
Add: Other Income	577.79	657.39
Less: Expenditure	22,140.36	29,765.51
Earnings before Interest, Tax, depreciation and amortization (EBITDA)	250.03	1,155.93
Less: Depreciation & Amortization Exp.	1,125.50	923.12
Finance Cost	1,152.84	1,112.35
Profit/(Loss) before tax	(2,028.31)	(879.54)
Less: Tax Expenses		
- Income Tax for earlier yrs	—	—
- Deferred Tax	—	(379.82)
Profit/(Loss) Post Tax	(2,028.31)	(499.72)

BUSINESS OPERATIONS

Gross revenue from the operations has gone down by around 28% and EBITDA has decreased to Rs. 250.03 Lacs. It is mainly because your company has stopped the business of making CTV sets for their main customer LG, LG has taken a decision in the month of January 2013 that as a part of their marketing strategy they will stop making CTV sets in Indian market and consequent to that decision they stopped buying CTV sets from company w.e.f. April 2013. The company also stopped making washing machines during the year 2013-14 as the company's customer 'Onida' shifted the production of this product in house to their own factory in Roorkee, Uttarakhand. The company lost around Rs. 130 crores of sales as a result of this. The company has been focusing on their plastic injection moulding business and in year 2013-14 the plastic moulding business has increased by around 30%. The company has been trying to diversify their customer profile by adding new customers. The company has been also trying to add new products also. All these issue are being addressed by the Company to overcome losses and board is confident that Company will generate cash profits from next fiscal year.

SUBSIDIARY COMPANY & CONSOLIDATED FINANCIAL STATEMENT

Diamond Mattress Company Private Limited, only subsidiary of the Company, has filed a form FTE with ROC to get its name struck off from register of ROC. Board of Subsidiary Company had given approval for the same on March 31, 2014. This Company was inoperative for last one year and does not have any assets or liabilities as on March 27, 2014. Net worth of this Company was nil as on March 27, 2014. Hence, consolidated financial statement has not been prepared.

DEPLOYMENT OF IPO PROCEEDS:

Given below are the details of utilization of IPO proceeds as on 31st March, 2014:
Rs. In Lacs

Particulars	Up to 31.03.2014	As mentioned in the prospectus
Proceeds from IPO	12,064.50	12,064.50
Less utilization		
Issue related expenses (net of reimbursements)	993.39	900.74
Expansion of manufacturing facility under Phase II	5,977.05	5,114.29
General Corporate Purpose	903.00	2,139.47
Repayment of Loans	424.95	2,410.00
Working Capital	745.34	1,500.00
Total Expenditure	9,043.73	12,064.50
Balance pending for utilization	3,020.77	
Unutilized balance lying in Escrow Account	485.77	
Unutilized balance deployed in Inter Corporate Deposits	2,535.00	

Out of IPO proceeds, The Company has deployed Rs. 3200 Lacs as Inter corporate deposits as an interim measure to earn interest pending deployment towards the object of the issue. Further the Company has given advances for purchase of Land.

As on 28.05.2014, details of money recovered pursuant to SEBI order are as follows:
(Rs. in crore)

	Amount Given	Amount Recovered	Amount outstanding
ICDs	32.00	19.78	12.22
Cancellation of Land Deal	13.50	4.47	9.03
Recovery of Advance paid for purchase of Raw material	7.25	3.36	3.89

In accordance with authority given to the Board vide resolution passed at 10th Annual General Meeting of members pursuant to Section 61 of the Companies Act 1956, the Board of Directors of the Company has taken decision to utilize the proceeds of the IPO recovered on account of (a) recovery of the ICDs for Rs.32 Crores (b) cancellation of land deals and (c) repayment of other advances given for raw material purchases for the purpose of:

1. Repayment of term loans, working capital term loan, buyers credit etc. to State Bank of India and Standard Chartered Bank,
2. Payment of interest to State Bank of India & Standard Chartered Bank,
3. Purchase of Moulds and other equipments/instruments related to plant and machinery, construction activities in factory premises etc&
4. Repayment of ICDs taken and for Working capital requirements

CAPITAL EXPENDITURE

The Company has till date invested around Rs. 7.50 crore in the expansion of the existing facilities and adding new production facilities for starting the production of kitchen appliances such as Juicer Mixer Grinders, Mixer grinders, Choppers and Room Heaters and other electronic products. The company further plans to invest around Rs. 3 to 4 Crores for plant and machinery and adding new building in the existing factory premises. The part of funds received in form of refund of ICDs and Land advance are being used for these expansion purposes. All these efforts will help the Company in increasing its sales and adding new products and new customers.

DIVIDEND

As the Company has incurred loss in financial year 2013-14, the Board of Directors has not recommended any dividend for the period under review.

RESERVES

The Board of Directors does not recommend any transfer to reserves for the period under review.

PUBLIC DEPOSITS

The company has not accepted any public deposits during the period under review.

STATEMENT UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

There is no employee in the company, drawing salary beyond the limit as specified under section 217(2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, your directors wish to state that:

- 1) That in the preparation of the annual accounts for the financial year ended 31st March, 2014 all the applicable accounting standards had been followed along-with proper explanation relating to material departures;
- 2) That the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- 3) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Companies Act, 1956 for the safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) That the Directors had prepared the accounts for the financial year ended 31st March, 2014 on a going concern basis.

DIRECTORS

During the period under review Mr. Kailash Pati Sharma, Independent Director of the Company, resigned from directorship of the Company w.e.f. 12.08.2013. Directors place on record their deep appreciation and wish to thank him for his immense and fruitful contribution during his tenure as Director on the Board.

Further Ayodhya Prasad Anand has been appointed as an Additional Independent Director of the Company w.e.f. 8.02.2014. His term of office expires at the ensuing Annual General Meeting. The Company has received a notice in writing, proposing his appointment as an Independent Director.

As per the Companies Act 2013, Board has been restructured. All the independent directors will not be liable to retire by rotation. The Company has received a notice in writing, proposing their appointment as an Independent Director. Thus Board recommends their appointment as independent director for a term of 5 years for approval in Annual General Meeting. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed in the Companies Act 2013 and clause 49 of the listing Agreement.

Mr. Anurag Gupta, who retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his appointment for approval in Annual General Meeting.

AUDITORS

M/s. Chitresh Gupta & Associates, Chartered Accountants, Delhi being Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. As per section 139 of the Companies Act 2013 and rules made thereunder, The Board recommends to appoint them for a period of 3 (three) consecutive years for a balance term up to conclusion of 15th Annual General Meeting of the Company in the calendar year 2017.

A certificate from them confirming compliance of section 141(3)(g) of the Companies Act, 2013 has also been received by the Company.

Your Directors recommend their re-appointment, as set out in the accompanying notice of the Annual General Meeting.

COST AUDITORS

The Company has re-appointed, subject to approval of central government, M/s Ravi Sahani & Company, Cost Accountants, as Cost Auditors' of the Company for conducting cost Audit of cost records of the Company for the financial year 2014 15.

CORPORATE SOCIAL RESPONSIBILITY

As per the Companies Act 2013, all the Companies, having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more, or profit of Rs. 5 Crore or more during any financial year, will requires to constitute a Corporate Social Responsibility Committee of the Board; However the Company does not fall in any of the laid criteria, hence no such committee has been constituted.

INTERNAL COMPLAINTS COMMITTEE: The Company has created Internal Complaints Committee as per applicable provisions of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

STATUTORY DISCLOSURES: Conservation of Energy, Technology Absorption, Foreign Exchange Earnings/Outgo and Activities relating to Exports:-

A) Conservation of Energy

(a) Energy conservation measures taken:

The Company has taken many initiatives for energy conservation and for reduction in energy consumption. Following steps were taken by the Company towards conservation of energy during the year under review:

- Company has further installed variable frequency drive (VFD) in motors and pumps including cooling tower and pump house at low rpm and we have achieved 30%-35% saving of energy.
- Company is in the process of changing the lighting system in their shop floors from existing sodium vapour lamps to LED lamps, which will further result in saving of energy to the tune of around 30-40%

(b)) Total energy consumption and energy consumption per unit of production

(Amount in Rs.)		
Electricity	FY 2013-14	FY 2012-13
(a) Purchased		
Units (M. KWH)	89,95,196	8,292,013
Total Amount	6,59,25,620	5,44,53,641
Average Rate/ Unit (Rs./KWH)	7.33	6.57
(b) Own Generation		
Through Diesel Generator		
Units (M. KWH)	6,14,736	905,286
Total Amount	1,23,15,872	15,705,267
Average Rate/ Unit (Rs./ KWH)	20.03	17.35

B) Technology Absorption, Research and Development (R&D)

The Company has a dedicated R&D team, which is engaged in the development of new products and improvements in existing products as per the customers' requirements.

C) Foreign Exchange Earnings and Outgo

Foreign Exchange Earnings : NIL

Foreign Exchange Outgo : Rs. 773.86 Lacs (Rs. 762.92 Lacs on account of purchase of Raw Materials, Consumables, Plant & Machinery etc. and Rs. 10.94 Lacs on account foreign travel)

CORPORATE GOVERNANCE:

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance and Management Discussion and Analysis form part of this Directors' Report. The Management Discussion and Analysis Report on the operations and financial position of the Company have been provided in a separate section. A certificate from M/s Ashu Gupta & Co, Practicing Company Secretaries, confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation extended by the shareholders, employees, bankers, suppliers, customers and other government and private agencies for their continuous cooperation and faith they have shown in the Company.

For and on behalf of Board of Directors
PG Electroplast Limited

Place: Greater Noida
Date: 10.06.2014

(Promod Gupta)
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT
(As required under Clause 49 of the Equity Listing Agreement)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's corporate governance philosophy is to continuously strive to attain higher levels of accountability, transparency, responsibility and fairness in all aspects of its operations. Our business culture and practices are founded upon a common set of values that govern our relationships with customers, employees, stakeholders, suppliers and the communities in which we operate. Your Company also endeavors to enhance long-term shareholder value.

2. BOARD OF DIRECTORS

Composition and category of Directors

The Company policy is to maintain optimum Combination of Executive and Non-Executive Directors. The composition of the Board and category of Directors as follows:

Name of Directors	Designation
Promod Gupta	Managing Director
Anurag Gupta	Whole time Director
Vishal Gupta	Whole time Director
Vikas Gupta	Whole time Director
Sharad Jain	Independent Director
Devendra Jha	Independent Director
Ram Dayal Modi	Independent Director
Mr. Ayodhya Prasad Anand	Independent Director

The Company has an equal ratio of Executive and Non-Executive Independent Directors. During the fiscal, Mr. Kailash Pati Sharma Independent Director, resigned from the office w.e.f. 12.08.2013 and Mr. Ayodhya Prasad Anand has been appointed as Independent Director w.e.f 08.02.2014.

Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vikas Gupta and Mr. Vishal Gupta are promoter Directors and they are relatives pursuant to Section 2(77) of Companies Act, 2013. Apart from them, No director is inter say, related to any other Director.

As per Clause 49 I (C) (ii) of the Listing Agreement, None of the Directors are members of more than 10 (Ten) Board Committees and/or act as Chairman of more than 5 (Five) Committees across all the Public Companies in which they are Directors.

As mandated by the Clause 49, the Independent Directors on the Board, apart from receiving Sitting Fees, do not have any other material pecuniary relationship or transactions with the Company, or its promoters, its management or its subsidiaries, which in the judgment of the Board affects the independence of judgment of the Directors.

Code of Conduct

The code of conduct for Directors & senior management personnel lay down the standards of the business conduct, ethics and governance.

A copy of this code has been put on the Company's website www.pgcl.in.

A declaration signed by the Company's Chairman and Managing Director is attached with this report.

Following Table sets forth detailed information on the composition of and attendance in the Board Meeting during the financial year ended 31st March 2014

Name of the Director	Category	Whether attended last AGM	Particulars of Board Meeting		No. of Directorships and Committee the Directors Memberships / Chairmanships in other Public Companies		
			No. of Board Meetings Held	No. of Board Meetings Attended	Other Directorship	Committee Membership	Committee Chairmanship
Mr. Promod Gupta	Managing Director	Yes	4	4	-	-	-
Mr. Anurag Gupta	Whole time Director	Yes	4	3	1	-	-
Mr. Vishal Gupta	Whole time Director	Yes	4	4	-	-	-
Mr. Vikas Gupta	Whole time Director	Yes	4	4	1	-	-
Mr. Sharad Jain	Independent Director	Yes	4	4	-	-	-
Mr. Kailash Pati Sharma *	Independent Director	N.A.	1	1	-	-	-
Mr. Devendra Jha	Independent Director	Yes	4	4	-	-	-
Mr. Ram Dayal Modi	Independent Director	Yes	4	4	3	1	-
Mr. Ayodhya Prasad Anand#	Independent Director	N.A.	1	1	-	-	-

* He has resigned from the Board w.e.f. 12.08.2013

He was appointed on the Board w.e.f. 08.02.2014

Number of Board Meetings

In the year under review, the Board of Directors met 4 times and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

Date	Board Strength	No. of Directors Present
May 30, 2013	8	7
August 12, 2013	8	8
November 14, 2013	7	7
February 08, 2014	8	8

Beside this some resolution were passed by Board vide passing of resolution by circulation, notice of which was circulated

on September 4, 2013. Consents of all Directors were received on September 7, 2013.

The Meetings are usually held at P- 4/2 to 4/6, Site - B, UPSIDE Industrial Area, Surajpur, Greater Noida, Uttar Pradesh.

The Board is normally presented with detailed notes on matters to be considered, as part of the agenda papers of the meeting. The agenda and notes on agenda are circulated to Directors in advance, if practicable; In case it is not possible, the same is tabled before the Board. In special circumstances additional item(s) on the agenda are permitted.

The information as required under Annexure IA to Clause 49 is made available to the Board.

3. AUDIT COMMITTEE

The term of Reference of Audit Committee, broadly are as under:

- The Audit Committee shall have powers, which should include the following:
 - a. To investigate any activity within its terms of reference.
 - b. To seek information from any employee.
 - c. To obtain outside legal or other professional advice.
 - d. To secure attendance of outsiders with relevant expertise, if it considers

• **The role of the Audit Committee shall include the following:**

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Examining/Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - ii. Changes, if any, in accounting policies and practices and reasons for the same
 - iii. Major accounting entries involving estimates based

on the exercise of judgment by management

- iv. Significant adjustments made in the financial statements arising out of audit findings
 - v. Compliance with listing and other legal requirements relating to financial statements
 - vi. Disclosure of any related party transactions
 - vii. Qualifications in the draft audit report
- e. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - f. Reviewing, 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
 - g. monitoring the end use/utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 - h. Review and monitor the auditor's independence and performance, and Effectiveness of audit process;
 - i. Approval or any subsequent modification of transactions of the company with related parties;
 - j. Scrutiny of inter-corporate loans and investments;
 - k. Valuation of undertakings or assets of the company, wherever it is necessary;
 - l. Evaluation of internal financial controls and risk management systems;
 - m. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;