



**ANNUAL REPORT  
2015**

**PG ELECTROPLAST LIMITED**

ISO 9001

ISO 14001

OHSAS 18001

TS 16949

**PG Electroplast Limited** (CIN: L32109DL2003PLC119416)

Registered Office: DTJ209, 2<sup>nd</sup> Floor, Non Hierarchical Commercial Centre, DLF Tower B-Jasola, New Delhi-110025

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**Board of Directors:**

Name	DIN	Designation
Mr. Promod Gupta	00181800	Managing Director
Mr. Anurag Gupta	00184361	Whole Time Director
Mr. Vikas Gupta	00182241	Whole Time Director
Mr. Vishal Gupta	00184809	Whole Time Director
Mr. Devendra Jha	03076528	Independent Director
Mr. Sharad Jain	06423452	Independent Director
Mr. Ayodhya Prasad Anand	06808974	Independent Director
Dr. Rita Mohanty	07081546	Independent Director

**Management:**

Name	Designation
Mr. Bhawa Nand Choudhary	Chief Operational Officer
Mr. K. A. Khandelwal	Chief Financial Officer
Mr. Rahul Kumar	Company Secretary

**Statutory Auditors:**

M/s Chitresh Gupta & Associates  
Chartered Accountants,

**Banker:**

State Bank of India  
Standard Chartered Bank

**Registrars & Share Transfer Agent:**

Karvy Computershare Pvt. Ltd ,46, Avenue 4, Street No 1, Banjara Hills, Hyderabad, Andhra Pradesh- 500034  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

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## **DIRECTORS REPORT**

To,  
The Members,  
PG Electroplast Limited

Your Directors are pleased to present the Annual Report and the audited financial statements for the financial year 2014-15.

### **1. Business Operation:**

The Company is an electronic manufacturing services (EMS) provider for original equipment manufacturers (OEMs) of consumer electronic products in India. The Company has its presence in various businesses including Plastic injection molding, Plastic injection tool designing and manufacturing, Final assembly of Washing machine, Juicer/Mixer/Grinder, CTV, Air-conditions, CFL, Printed circuit board assemblies, Motor manufacturing, Solar lamp, automotive parts manufacturing and Food storage containers like microwave cookware kit, tiffin boxes, plastic jars, plastic bottles etc. The Company has four operational manufacturing plants & one plant is being set up.

### **2. Financial highlights:**

Particulars	Rupees in crore	
	FY 2014-15	FY 2013-14
Revenue from operations (net)	238.73	218.13
Other income	3.33	5.77
<b>TOTAL REVENUE</b>	<b>242.06</b>	<b>223.90</b>
EXPENDITURE	226.93	221.40
<b>Earnings before interest, tax, depreciation and amortization</b>	<b>15.13</b>	<b>2.50</b>
Depreciation and amortization expense	9.47	11.25
Finance costs	10.20	11.53
Loss before tax	(4.54)	(20.28)
Tax expenses:	-	-
<b>Profit/ (Loss) for the year</b>	<b>(4.54)</b>	<b>(20.28)</b>

### **3. Major capital expenditure program:**

To meet the growth in molding business and other business, the company has installed the injection moulding machines and other machines which has been imported on deferred payment credit basis.

### **4. Management's Discussion & Analysis Report:**

Management's Discussion & Analysis Report for the year ended March 31, 2015 has been presented as **ANNEXURE I**.

### **5. Dividend & Transfer to Reserve:**

Directors have not recommended any dividend as the Company has incurred loss during the reporting year & No amount would be transferred to reserve.

### **6. Deposits:**

The Company has not accepted any deposit covered under chapter V of the Companies Act, 2013 & no amount of principal as well as interest was remain unpaid or unclaimed as at the end of the year. There has not been any default in repayment of deposits or interest thereon.

## **7. Directors & KMPs:**

According to the provisions of the Companies Act 2013, Mr. Vishal Gupta, Director of the Company will retire by rotation at the ensuing AGM and being eligible have offered himself for re-appointment. Tenure of Dr. Rita Mohanty, additional Director of the Company is expiring on the date of ensuing AGM. The Company has received notice in writing, proposing her appointment as an Independent Director in ensuing Annual General Meeting.

### **APPOINTMENT & RESIGNATION**

- The Board express appreciation for the valuable contribution made by Mr. Ram Dayal Modi, Independent Director, who has resigned from the Company w.e.f. 01/11/2014.
- During the reporting Year, the members have approved regularization of additional Director Mr. Ayodhya Prasad Anand, as Independent Director.
- Dr. Rita Mohanty, was appointed by the Board w.e.f. 31/01/2015, as Additional Director in category of Independent Director.
- Mr. K.A. Khandelwal has resigned from position of Company Secretary w.e.f. 10/07/2014 & appointed as Chief Financial Officer of the Company w.e.f. 11/07/2014.
- Mr. Rahul Kumar was appointed as Company Secretary w.e.f. 11/07/2014

*The Company has received declarations from all Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.*

None of the Directors have incurred any disqualification on account of non-compliance with any of the provisions of the Act.

## **8. Meeting of Board & Committee:**

Please refer report on corporate governance, provided as **ANNEXURE II**, for details of meeting of the Board & its Committee.

## **9. Audit Committee:**

The Audit Committee comprises of four Directors; out of them three are Independent Directors, namely- Mr. Sharad Jain (Chairman), Mr. Devendra Jha and Mr. Ayodhya Prasad Anand. Fourth member is Mr. Vishal Gupta, Whole Time Director in the Company. All the recommendation made by the Audit Committee, during the financial year ended March 31, 2015 was accepted by the Board.

## **10.Vigil Mechanism:**

The Company has established a Vigil Mechanism / Whistle Blower Policy. All Employees of the Company and various stakeholders of the company are eligible to make Protected Disclosures in writing or through mail under the Policy in relation to matters concerning the Company. The Vigil Mechanism or whistle blower policy may be accessed at Companies website at link <http://pgel.in/investor.php?id=13>.

## **11.Nomination & Remuneration Committee & Policy:**

The Nomination & Remuneration Committee of the Company comprises of 4 Directors, out of which 3 are Independent Directors, namely- Mr. Devendra Jha (Chairman), Mr. Ayodhya Prasad Anand, Dr. Rita Mohanty & fourth one is Mr. Promod Gupta, Chairman of the Company. The Nomination & Remuneration Policy for directors & Key Managerial Personnel are annexed as **ANNEXURE-III**.

### **12. Formal Annual Evaluation by the Board:**

Formal evaluation of Directors has been made in separate meeting of Independent Directors on 23/03/2015 as well as in first Nomination & remuneration Committee and Board Meeting held on 30/05/2015 after the close of the year 2014-15. During the evaluation of the Board, various people & process factors were discussed. Committee has been evaluated by considering its effectiveness, performance and term of reference.

Evaluation of Independent directors have been made by considering various factors like their objectivity while exercising duties in bona fide manner, time and attention they pay to the Company, maintaining status of independence etc. While evaluation of Managing & Whole time Directors have been made by considering their performance & role assigned to them.

### **13. Familiarization program for Independent Directors:**

The Company proactively keeps its Directors informed of the regulatory updates, operation of the Company and provides an overall industry perspective as well as issues being faced by the industry. The details of modal familiarization programs provided to the Directors is available at the link [http://pgel.in/upload\\_images/pdf/1429163383s.pdf](http://pgel.in/upload_images/pdf/1429163383s.pdf)

### **14. Directors Responsibility Statement:**

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and 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 31<sup>st</sup> March, 2015 and of the profit /loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- f) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

### **15. Risk Management & Internal Finance Control:**

The Company has devised and implemented a mechanism for risk management. The Audit Committee and the Board of Directors review the risks, if any involved in the Company from time to time. Appropriate procedures have been incorporated in the workflow of the Company to identify the elements of risks, if any, which may threaten the existence of the company.

The Company has adequate internal financial control system with reference to the financial statements. As per the periodic evaluation and review by the Audit Committee

and the Board of Directors, no reportable weakness in the design and operation was observed during the period under review. Elements of risk are detailed in Management discussion & analysis report annexed as **ANNEXURE I**.

**16.Auditors:**

M/s. Chitresh Gupta & Associates, Chartered Accountants, Delhi has been appointed as Statutory Auditors in 12<sup>th</sup> AGM of the Company for a period of three consecutive years up to conclusion of 15<sup>th</sup> Annual General Meeting of the Company. However their appointment is subject to ratification by members at every subsequent Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limit under the Companies Act, 2013 and that they are not disqualified for re-appointment.

Hence, the appointment of M/s. Chitresh Gupta & Associates, Chartered Accountants as the Statutory Auditors of the Company is proposed for the ratification of shareholders in the Notice of 13<sup>th</sup> Annual General Meeting of the Company.

**17.Cost Audit:**

The Board of Directors has appointed M/s Amit Singhal & Associates, Cost Accountants, having Firm Registration Number: 101073, as Cost Auditors to audit the cost records of the financial year 2015-16.

**18.Auditors Report:**

The Auditors Report on Financial Statements for the year ended on 31<sup>st</sup> March 2015 does not contain any qualification, adverse remarks or disclaimer and does not call for any further comments or clarification.

**19.Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s Ashu Gupta & Co., Practicing Company Secretary for conducting secretarial audit of Company for the financial year 2014-2015. The Secretarial Audit Report is annexed as **ANNEXURE IV**. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

**20.Corporate Governance:**

The Report on Corporate Governance stipulated under the Listing Agreement along with the requisite certificate from the Auditors of the Company confirming compliance of Corporate Governance is presented as **ANNEXURE-II**. A certificate regarding compliance of condition of corporate governance as stipulated under clause 49 of the Listing Agreement has been presented as **ANNEXURE-IIA**.

**21.Particulars of contracts or arrangement made with related parties:**

All Related Party Transactions that were entered into during the financial year were at arm's length and were in the ordinary course of business. The Audit Committee has granted omnibus approval for Related Party Transactions as per the provisions and restrictions contained in the Listing Agreement. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. The policy is available on the Company's website [www.pgcl.in](http://www.pgcl.in). The details of particulars of contracts or arrangements with Related Parties referred to in Section

188 in the Form AOC-2 pursuant to the Companies [Meetings of Board and Its Powers] Rules, 2014 are annexed with the Directors' Report as **ANNEXURE-V**.

**22.Particulars of loan given, investments made, guarantee given and securities provided under section 186 of the Companies Act, 2013:**

The Company has not given any loan or guarantee, has not made any investment & provided any securities under section 186 of the Companies Act, 2013 during the financial year ended March 31, 2015.

**23.Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed with this report as **ANNEXURE-VI**.

**24.Policy on Directors' appointment & Remuneration:**

The nomination & remuneration policy of the Company is presented as **ANNEXURE-III**.

**25.Subsidiary, joint venture or associate company:**

M/s Diamond Mattress Company Private Limited ceased to be a subsidiary of the Company. Assets & Liability of that Company had become NIL in Financial 2013-14 & Form FTE was filed with ROC on 09/04/2014 to strike off its name. The Company has received a notice of dissolution dated 04/09/2014 from concerned ROC.Now, the Company does not have any subsidiary Company.

**26.Corporate Social Responsibility:**

Section 135 of the Companies Act 2013 & rules made there under does not apply on the Company. Thus CSR committee has not been constituted and Corporate Social Responsibility policy was not required to be developed.However, the Company undertakes to act in a socially responsible manner and serve the society at large.

**27.Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:**

The Company has constituted Internal Complaint Committee at each premise to look after complaints received under this Act. The Company has not received any complaints during the year.

**28.Deployment of IPO proceeds:**

Given below are the details of utilization of IPO proceeds as on 31<sup>st</sup> March 2015: (Rs./Lacs)

Particulars	Up to 31.03.2015	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
Capital Expenditure (Building, Plant & Machinery)	1,040.66	0
General Corporate Purpose	100.75	2,139.47
Repayment of Loans	1,564.84	2,410.00
Working Capital	1,902.03	1,500.00
<b>Total Expenditure</b>	<b>11,578.72</b>	<b>12,064.50</b>
Unutilized balance lying in Escrow Account	485.78	

For more details please refer point 5 to Notes to Account -28. (Board has been authorized to reschedule, alter or modify utilization of IPO proceeds vide resolution passed at AGM held on 12/09/2012).

**29. Conservation of energy, technology absorption, foreign Exchange earning & outgo:**

**(A) Conservation of Energy:** *The step taken or impact on conservation of energy, the steps taken by the company for utilizing alternate sources of energy and the capital investment on energy conservation equipment:*

- a) The Company has installed variable frequency drives at all its auxiliary equipment's which saves 30-40% power on regular basis.
- b) The Company tries to maintain power factor close to 1.
- c) The Company has installed turbo ventilation on all its roofs which decreases the need of using exhaust fan.
- d) The Company uses inverter technology in compressor in AC plant, which Cheating & AC plants, which control the speed of the compressor motor, so as to continuously regulate the temperature reduce energy consumption.

**(B) Technology absorption:** *The efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution:*

- a) The Company has installed state of the art SMT, PCB assembly machine recently.
- b) The Company has also installed Blow Molding Equipments.
- c) The Company has started using injection moulding machine with servo drive technology

These initiatives help the Company to manufacture long lasting, cheaper and compatible products.

*Information of imported technology (imported during the last three years reckoned from the beginning of the financial year):* No such import was made during last three years.

*The expenditure incurred on Research and Development:* Nil

**(C) Foreign exchange earnings and Outgo-**

The information in this regard is provided in point 8 of Note no 28-other notes on Account.

**30. Disclosure related Remuneration required under rule 5 of the Companies (Appointment and remuneration of Managerial Personal) Rules 2014:**

Please refer **ANNEXURE VII** for captioned details.

**31. Material Changes and Commitments:**

No material Change and commitments have occurred after the close of the Financial Year till the date of this report, which affect the financial position of the Company.

**32. Regulatory Orders:**

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's Operations in future.

However The Company had filed application for compounding of offence under Section 621A of the Companies Act, 1956 for certain violation of section 211 in Financial Statements of 2009-10 & 2010-11. The Hon'ble Company Law Board had imposed compounding fees amounting to Rs. 1,92,000/- (Compounding Fees of Rs. 48,000/- each on following 4 directors-

Mr. Promod Gupta, Mr. Anurag Gupta, Mr. Vikas Gupta and Mr. Vishal Gupta. Further, Compounding Fees of Rs. 36,000/- were imposed on Ex -Company Secretary Mr. Naveen Chandra Kushwaha by the Hon'ble Company Law Board.



**33. PARTICULARS OF EMPLOYEES**

There was no employee in the Company, who was in receipt of remuneration for the year 2014-15, in excess of or equal to limit prescribed in sub-rule (2) of Rule (5) of the Companies (Appointment and remuneration of Managerial Personal) Rules, 2014

**34. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**35. Listing of Shares:**

**The equity shares of the Company are listed on BSE & NSE. The Listing fees for the financial year 2015-16 has been paid.**

**Acknowledgment**

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support.

**For and on Behalf of Board of Directors**

Date: 08/08/2015

Place: Greater Noida

**(Mr. Promod Gupta)**  
**Managing Director**

DIN:00181800

B-15, Kalindi Colony, Delhi-  
110065

**(Mr. Vishal Gupta)**  
**Whole Time Director**

DIN: 00184809

B-15, Kalindi Colony, Delhi-  
110065

**MANAGEMENT'S DISCUSSION & ANALYSIS REPORT****a) Industry Structure & development:**

According to industry reports, India is expected to rank fifth in the consumer durable market in the world by 2025. While the urban market accounts for majority share (65% of total revenue) in the consumer durables sector in India, future growth is expected to be driven by the rural market, as the government is increasing its focus on rural electrification.

The demand for appliances & consumer electronics (including refrigerators, washing machines and air conditioners) is on rise because of several growth drivers like rising disposable income, urbanization of consumers, easy consumer financing, product variant, organized retail market industry, and rural electrification. With raising manufacturing cost in alternate market and increasing local demand, global companies have turned their attention towards India. Further Government has taken several measures to boost the industry growth. To promote large-scale manufacturing, offset disability and attract domestic and global investments into the Electronic System Design and Manufacturing (ESDM) sector in India, the Modified Special Incentive Package Scheme (M-SIPS- provides subsidy for investments in capital expenditure) has been notified & recently scheme extended upto year 2020. Similarly state governments also provide encouragement to industrial investment by providing concessions, subsidies and financial incentives.

Consumer durables account for more than 40% of end consumer spending in India. Annual turnover of more than INR500 billion and contributes more than INR150 billion to revenue of Centre and State governments. The market for white goods and televisions has been growing, but remains underpenetrated with sub-par levels as compared to the global average. According to industry estimates, refrigerator penetration is at 21%, washing machine at 8.8%, AC is at 3% and microwave oven at less than 1% penetration.

**b) Outlook**

With the increasing demand of consumer durables in India the EMS industry is growing drastically. Higher incomes, wider choices, and lower product prices have escalated the demand for electronic products in India and heightened the need to improve the country's electronics manufacturing ecosystem, leading original equipment manufacturers (OEMs) to turn to electronics manufacturing services (EMS). The expanding supply-demand gap for electronic products enhances the opportunities for EMS companies in the untapped Indian market.

Global OEMs are looking forward to invest in Indian businesses and set up manufacturing plants/ Expand existing business in the country, offering huge potential for EMS providers. Make in India initiatives taken by the Indian Government in order to improve the domestic manufacturing sector will also boost market expansion.

The Company is trying hard to enhance its business in the field of Electronics Manufacturing Services. We believe that Keys to Companies' growth are cost effective electronic manufacturing services, continuous technology upgradation and diversified company operating across different industry segments. In short to medium term the Company have to overcome issues like local competition, Standardise products with