

Where legend and technology mingle



Annual Report 2002-2003



PG Foils Ltd.



Founder Chairman - late Shri Parasraj G. Shah
(18.8.1933 - 16.3.1982)

BOARD OF DIRECTORS

SHRI PANKAJ P SHAH
 SHRI ASHOK P SHAH
 SHRI ABHAY P SHAH
 SHRI POORAN RAJ G SHAH
 SHRI S B KABRA
 SHRI A S PURI
 SHRI VIMAL DHADDA
 SHRI HEMANT K NEMA

MANAGING DIRECTOR
 JOINT MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

SENIOR EXECUTIVES

SHRI R M JAIN
 SHRI S B SRIVASTAVA
 SHRI S B SINGH

EXECUTIVE DIRECTOR (FINANCE)
 EXECUTIVE DIRECTOR (OPERATION)
 GENERAL MANAGER (MKTG.)

COMPANY SECRETARY

SHRI VISHU KAUSHAL

AUDITORS

M/s H M Singhvi & Co.
 Chartered Accountants
 Johari Bazar, Jaipur.

BANKERS

IDBI Bank Ltd.
 ICICI Bank Ltd.
 State Bank of Bikaner & Jaipur

REGISTERED OFFICE

6, Neptune Tower, Ashram Road, Ahmedabad-380 009 (Guj).
 Tel. : (079) 6587606, 6587285 • Fax : 079-6584187

WORKS & HEAD OFFICE

P O : Pipalia kalan – 306 307 Dist.Pali Rajasthan
 Tel. : (02937) 220202, 287151-52-53-54-55-56 • Fax : 02937-287150
 Mobile No.09829065777 • e-mail pgfoils@sancharnet.in

SALES OFFICES

MUMBAI : Neelam Building, 1 Floor, 80 Marine Lines. Mumbai-400 002
 Tel. : (022) 22813448, 22813046, 22817497 • Fax : (022) 22813502 • Mobile: 09820076749
 City Mobile :022-20535268 • E-mail : pgfmum@bom7.vsnl.net.in

CHENNAI : 37, Arcot Road, Chennai-600 026
 Tel. : (044) 24802022, 24729161 • Fax : 24801009 • Mobile : 09884044451

AHMEDABAD : 6, Neptune Tower, Ashram Road, Ahmedabad-380009
 Tel. : (079) 6587606, 6587285, • Fax:079-6584187 • Mobile : 09825181805

DELHI : 3058/3063, D.B.Gupta Road, 1st Floor, Pahar Ganj, Delhi-110 055
 Tel. : (011) 23581033, 23581034, 23587473 • Fax : 2381035 • Mobile : 09810025063

BANGALORE : No.676, 14th Cross 8th Main Road, J.P. Nagar, 2 Phase, Bangalore 560 078
 Tel. : (080) 6591885 • Fax : 6591884 • Mobile:09844161904

HYDERABAD : House No.10-5-3/2/3, Masab Tank, Opp.Gardan Tower, Hyderabad- 500 028
 Tel. : (040) 23323576 • Fax : 23323570 • Mobile : 09849514572

JAIPUR : A/1-302, Kamal Appt. Near Ram Mandir, Bani Park, Jaipur – 302 016
 Tel. : (0141) 2203023, 2203048, • City Mobile : 0141-5066868

KOLKATA : 2, Clive Ghat Street, "Sagar Estate", 5th Floor, Unit No.8, Kolkata 700 001
 Tel. : (033) 22428286 • Fax : 22428287
 Mobile :09830118220 • E-mail : pgfoils@vsnl.net

NOTICE



NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of PG FOILS LIMITED will be held at the Orient Club, Kavi Nanalal Marg, Near Gujrat Collage, Crossing Ellisbridge, Ahmedabad on Monday, 22nd September, 2003 at 11 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance sheet of the Company as at 31st March, 2003 and the Profit & Loss account for the year ended on 31st March 2003, the report of the Directors and the Auditor's thereon.
2. To appoint a Director in place of Shri Vimal Dhadha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Hemant K Nema, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS

5. To consider and if thought fit to pass, with or without modification, the following resolution as an ordinary resolution :-

"RESOLVED THAT in modification of resolution passed at the Annual General Meeting of the Company held on 30th September, 1996, the consent of the company be and is hereby accorded in terms of section 293(1) (d) and all other applicable provisions, if any, of the Companies Act, 1956, to Board of Directors of the company for borrowing from time to time, subject to any restrictions imposed by the terms of the agreement entered into from time to time for grant of loans to the company, any sum or sums of monies which together with the monies already borrowed by the company, apart from temporary loans obtained or to be obtained from the company's banker in the ordinary course of business, may exceed the aggregate of the paid up capital of the company and its free reserves that is to say, reserves not set apart for any specific pur-

poses, provided that the total amount so borrowed by the board shall not at any time exceed the limit of Rs.40 Crores only (Rupees Forty Crores only)"

6. To consider and if thought fit to pass with or without modifications the following resolution as an ordinary resolution :-

"RESOLVED THAT the consent of the company be and is hereby granted in terms of section 293 (1)(a) and all other applicable provision, if any, of the Companies Act, 1956, and subject to necessary approvals of appropriate authorities, if required, to the Board to secure, if necessary, the entire or any part or parts of the securities, by creation of mortgage and/or charge on all or any of the Company's immovable and/or movable assets, both present and future, such charge to rank either as first charge and/or as second, subservient and subordinate to all the mortgages/charges created/ to be created by the company for all existing and future borrowings and facilities, whatsoever, as may be deemed fit and proper by the Board"

7. To Consider and if thought fit, to pass with or without modification, the following resolution as special resolution:-

"RESOLVED THAT in accordance with the provision of Section 149(2A) and all other applicable provisions if any, of the Companies Act, 1956 as may be amended or reenacted from time to time, the company hereby accord its approval for commencement of all such new businesses incorporate in sub clauses 24 Clause IIIC of the Memorandum of Association of the Company so amended."

REGISTERED OFFICE

6, Neptune Tower,
Ashram Road,
AHMEDABAD-380 009

Place : Jaipur
Date : 07.08.2003

By order of the Board

(PANKAJ P SHAH)
Managing Director

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT 6, NEPTUNE TOWER ASHRAM ROAD, AHMEDABAD-380009 NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THIS ANNUAL GENERAL MEETING.
2. The Register of members and share transfer books of the company will remain closed from 19.09.2003 to 22.09.2003 (Both days inclusive).
3. Members are requested to notify any changes in their address and mandates, if any immediately at the Registered Office of the Company in writing.
4. Members are requested to bring their copy of the annual report along with admission slip with them at the Annual General Meeting as no extra copies of annual report or attendance slip will be distributed at the meeting venue.
5. An explanatory statement pursuant to section 173 (2) of the companies Act, 1956, relating to the special Business to be transacted at the Annual General Meeting is attached.
6. Members who wish to obtain any information on the company or its accounts for the financial year ended 31st March 2003, may send their queries at least 10 days before the Annual General Meeting at the Registered Office of the Company.
7. In view of the amendment to the companies Act, 1956 the unclaimed dividend that are to be transferred to Investor Education and Protection Fund to be set up by the Central Government are as follows :

S.No.	DATE OF DECLARATION	FINANCIAL YEAR	AMOUNT (Rs)
(1)	30th Sept. 1996	1995-96	140806.00
(2)	29th Sept. 1998	1997-98	165301.00

8. **Registrar's Cum Share Transfer Agent (For Demat & Physical Both)** : M/s Pinnacle Shares Registry Pvt. Ltd
Near Ashoka Mills, Naroda Road
Ahmedabad - 380 025
Tel (079) 2204226, 2200591
Fax (079) 2202963

REGISTERED OFFICE

6, Neptune Tower,
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By order of the Board

Place : Jaipur
Date : 07.08.2003

(PANKAJ P SHAH)
Managing Director

EXPLANATORY STATEMENT RELATING TO THE SPECIAL RESOLUTION PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

(Attached to the notice convening the Twenty Fourth annual general meeting to be held on Monday, 22nd September 2003.)

ITEM No.5

The Board of directors of the company cannot except with the consent and approval of company in the general meeting, borrow money in excess of the aggregate of the paid up capital and its free reserves as per the provision of section 293(1)(d) of the Companies Act, 1956. The company had at it Annual General Meeting held on 30th September, 1996, passed an ordinary resolution u/s 293 (1)(d) of the Act, authorizing the board of Directors of the company to borrow money in excess of aggregate of its paid up capital & free reserves up to Rs.30 Crores only. However now it is considered appropriate to seek the shareholders approval for increasing the said borrowing limits to Rs.40 Crores in the manner specified in the resolution.

None of the directors of your company is interested in this resolution.

The Board recommends this resolution for your approval.

ITEM No.6

The company proposes to make applications to the financial institutions and/or Banks to grant term loans not exceeding Rs.40 Crores only for which it will be necessary to create mortgage/Charges in favour of term lending institutions/Banks. In terms of loan agreements with them it may be considered for disposal of company's undertakings, within the meaning & pre-

view of section 293(1) (a) of the companies Act,1956, it is necessary to pass the said resolution to be included in the notice.

None of the directors of your company is interested in this resolution.

The Board recommends this resolution for your approval.

ITEM No.7

For business activities of your company so mentioned under sub clause 24 of the memorandum of association of your company i.e. To manufacture, Produce, sale, purchase, enact, consume, import, export, generate, process, convert all types of conventional and non-conventional power. Thus to commence these business activities, the proposed special resolution is necessary as per the provision of section 149 (2A) of the companies Act,1956.

None of the directors of your company is interested in this resolution. The Board recommends this special resolution for your approval.

A copy of the memorandum of association of the company will be available for inspection by the members of the company at its registered office during normal business hours on any working day upto the date of this annual general meeting.

REGISTERED OFFICE

6, Neptune Tower,
Ashram Road,
AHMEDABAD-380 009

Place : Jaipur

Date : 07.08.2003

By order of the Board

(PANKAJ P SHAH)

Managing Director

DIRECTOR'S REPORT

Dear Shareholders,
Your Directors have pleasure in presenting the 24th Annual report of your Company together with the audited annual account of the Company for the year ended 31st March 2003.

FINANCIAL HIGHLIGHTS

	Rs. In Lacs	Rs. In Lacs
	2002-2003	2001-2002
Net Sales & Other Incomes	6891.28	6914.38
Profit before Depreciation & Tax	243.38	644.06
Less: Depreciation	87.50	88.53
Profit Before Taxation	155.88	555.53
Less: Provision for Taxation		
Excluding . Deferred Tax	49.88	132.60
Profit After Tax	106.00	422.93
Add/Less: Prior Period Adjustments	16.15	30.36
Add: Profit Brought Forward	1444.12	990.83
Surplus Carried over to Balance Sheet	1566.27	1444.12

OPERATIONS

Your company's overall performance during the year has been just satisfactory particularly due to below mentioned circumstances.

Market resistance to price increase particularly for the Pharma Foil contributed to the fall in turnover. This together with increase in competition and surplus capacity of foil impacted unfavorably on the profitability of the company.

The Indian economy continued to experience depressed Market conditions with declining industrial growth, Moreover communal tensions in Gujarat during the first quarter, significantly impacted adversely on the performance of the company.

Another reason of drop in sale is bad financial position of customers. To reduce the risk of recovery, company adopted policy of selective introduction of new customer and increase in credit limit to existing customer, resulting in lowering of sale during last year. Production also hampered during December.2002 due to fire on 28th November.2002 night in plant, which damaged two rolling mills badly.

However management is taking major restructuring measures to improve quality production and market share. Cost reduction exercise is already under implementation at final stage.

It is expected that these steps will contribute to the improved performance in 2003-2004.

Profit from Last Year reduced mainly due to absence of Share of profit from partnership firm as against Rs.193.42 Lacs in last year. Interest & investment Income also reduced due to lowering of Interest rate during last one year or so.

However Export sale is significantly increased from 266.11 Lacs to Rs.694.42 Lacs

During the year, Keyman Insurance Policy was taken by the company and premium of Rs.209.66 Lacs paid.

NEW PROJECT

Company is proposed to install one windmill of 0.6 MW capacity at Jaisailmer for generation of App.15 Lacs units P.A. for captive purpose. Diversification into power generation by Company is in view of captive need of power and good return on investment.

DIVIDEND

Your Directors do not recommend any payment of dividend for year ended 31st March.2003.

FIXED DEPOSITS

Your Company have neither accepted nor invited any Fixed Deposits from the Public during the year under review.

DIRECTORS

Shri Hemant K Nema and Shri Vimal Dhadda Directors will retire from the board by rotation at this Annual General Meeting and being eligible have offered themselves for reappointment. The Board of directors deeply regrets the sudden demise of Shri Pramod Talera and express their heartfelt condolences to his family

INDUSTRIAL RELATIONS

The company continues to maintain cordial relation with its Workers, Supervisors & Officers in all divisions to enable it to achieve better performance.

DEMAT TRADING

As per the directives of The Securities and Exchange Board of India (SEBI), the Company's shares are being compulsorily trade in the dematerialization mode with effect from 2nd of April, 2001. Necessary agreement have been entered by the Company with NSDL, CDSL and with M/s Pinnacle Share Registry Pvt. Ltd., Ahmedabad who shall act as registrar for transfer of shares (demat and physical) of the company.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956 your Director state that :-

- a) In preparation of annual accounts, the applicable accounting standards have been followed.
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year ended 31st March, 2003 and the profit and loss account for the year ended 31st March, 2003.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Directors reaffirm their commitment to the Corporate Governance Standards prescribed by the Securities Exchange Board of India (SEBI). This Annual Report carries a Section on Corporate Governance and benchmarks your Company with the SEBI Code on Corporate Governance.

PARTICULARS OF EMPLOYEES

For the year under review there are no employees covered as per the requirement of section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employee) rules 1975 as amended.

AUDITORS

Messrs H.M. Singhvi & Co. Chartered Accountants, Jaipur the Auditors of the Company will retire at this ensuing Annual General Meeting. The company has

received their confirmation that their appointment if made and approved would be within the prescribed limits under section 224 (1-B) of the Companies Act 1956. Accordingly the said Auditors may be re-appointed as Auditors of the Company at this Annual General Meeting.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provision of the section 217 (1) (e) of Companies Act 1956, read with Companies Disclosure of particulars in the report of Board of Directors Rules 1988, regarding conservation of Energy, Technology absorption & Foreign Exchange earning and outgo is given in the Annexure "A" forming part of this report.

ACKNOWLEDGEMENTS

Your directors would like to express their appreciation for the assistance & co-operation received from the Central & State Government and Banks during the year under review. The Director also express their gratitude to the Company customers and suppliers who have supported the Company to achieve more efficiency and productivity.

The Board of Directors place on record their appreciation for the continued Co-operation and support extended to the Company by its Share Holders, Staff members and workers for maintaining cordial relations.

REGISTERED OFFICE

6, Neptune Tower,
Ashram Road,
AHMEDABAD-380 009

By order of the Board

Place : Jaipur
Date : 07.08.2003

(PANKAJ P SHAH)
Managing Director



ANNEXURE "A" TO DIRECTOR'S REPORT

STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

(A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

To reduce consumption company is planning to appoint outside agency to conduct Power Audit in depth.

b) Additional investment and proposal, if any, being implemented for reduction of consumption of energy.

Nearly Rs.10 lacs is proposed for investment on furnace Modification for conservation of power.

c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on this cost of production of goods.

Cost of energy shall be saved approximately 5% after full implementation.

d) Total energy consumption and consumption per unit of production in respect of industries specified in the schedule thereon namely - Aluminium.

Details furnished in Form "A"

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are mentioned in form "B"

(C) FOREIGN EXCHANGE EARNING AND OUTGO

The company has made Export worth Rs. 694.42 lacs during the year. Total foreign exchange utilised Rs. 201.63 lacs.

FORM "A"

(A) POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
(1) ELECTRICITY		
(a) Purchased (Unit KWH)	6748384	6093990
Total Amount (Rs.)	29388945	26944861
Rate per unit (Rs.)	4.36	4.43
(b) Own generation		
(i) Through Diesel/ LDO Generator (Units)	444720	857605
Unit per liter of Diesel/LDO	3.27	3.04
Diesel/LDO Cost per liter	14.72	12.72
(ii) Through steam Turbine		
Generator Unit	N.A.	N.A.
(2) COAL	N.A.	N.A.
(3) FURNACE OIL		
Quantity (Liters)	504000	470000
Total amount (Rs. In lacs)	53.54	42.85
Average rate (per liter)	10.63	10.12

(4) OTHER/INTERNAL GENERATION

(B) CONSUMPTION PER UNIT OF PRODUCTION

Aluminium Foil including Poly coated

Cable wrap & laminated flexible packaging

Electricity	2437 KWH Per MT	2131 KWH Per MT.
Furnace Oil	171 liter per M.T.	144 liter Per M.T.

FORM 'B'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH & DEVELOPMENT

(1) Specific areas in which R&D carried out by the company.

(a) Continuous development of new specification in the existing triple Laminates wrap and specially in the area of the flexible packaging specifications.

(b) Modification of X-Ray Gauge Control equipment/facilities and developing new facilities to improve quality and productivity.

(2) Benefits derived as result of the above R&D

(a) Several new specifications are being produced commercially.

(b) Productivity and quality of the products have been substantially improved to accepted level.

(c) By modification of Rolling Mill machine, quality of foil has been improved.

(3) Future Plan of action

Aiming to produce zero defect quality & ISO-9002

(4) Expenditure of R & D.

Company is planning to invest Approx. Rs.25 lacs on installation of Latest Quality equipments.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(1) Efforts in brief made towards technology absorption, adaptation & innovation.

R&D Department alongwith technical staffs are keeping constant watch on the development made elsewhere thereby keeping ourselves updated with the development.

(2) Benefits derived as a result of the above efforts: - Increase in export.

(3) Imported Technology: Not Applicable.

For and on behalf of the Board

Place : Jaipur
Date : 07.08.2003

(PANKAJ P SHAH)
Managing Director