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Annual Report 2004-2005



PG Foils Ltd.

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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 VIMAL DHADDA
 SHRI HEMANT K NEMA
 SHRI ASSEM KHULLAR

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

SENIOR EXECUTIVES

SHRI R M JAIN
 SHRI S B SHRIVASTAVA
 SHRI S B SINGH

EXECUTIVE DIRECTOR (FINANCE)
 EXECUTIVE DIRECTOR (OPERATION)
 GENERAL MANAGER (MARKETING)

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).
 Phone : (079) 26587606, 26587285, 55615656 · Fax : 079-26584187 · Mobile : 9825181805

WORKS & HEAD OFFICE

PO : Pipalia Kalan 306 307 Dist. Pali Rajasthan
 Tel. : (02937) 287151-56 · Fax : 02937-287150 · Mobile : 09414122332,
 e-mail pgfoils@sancharnet.in, pgfoils@ricmail.com, pgfoils81@sify.com

SALES OFFICES

MUMBAI	:	Neelam Building, 1st Floor, 80, Marine Lines, Mumbai-400 002 Tel. : (022) 22813448, 22815612, 39428026 · Fax : (022) 22813502 Mobile : 09820076749, 9321025430 · e-mail : pgfmum@ricmail.com
CHENNAI	:	37 Arcot Road, Chennai-600 026 · Tele fax (044) 24801363 · Mobile : 09884044451
AHMEDABAD	:	6, Neptune Tower, Ashram Road, Ahmedabad-380009 Tel. : (079) 26587606, 26587285, 55615656 Fax : 079-26584187 · Mobile : 09825181805 · e-mail pgfoilsahd@sify.com
DELHI	:	3058/3063, D.B. Gupta Road, 1st Floor, Pahar Ganj, Delhi-110 055 Tel. : (011) 23581033, 23581034, 39537032 · Fax : 23581035 Mobile : 9810025063/9868120685 · e-mail pgfoils@rediffmail.com
BANGLORE	:	No. 34, 10th Main Near Dav Public School, Prashanthi Nagar, Bangalore 560 078 · Mobile: 9341729548
HYDERABAD	:	House No.10-5-3/2/3, Masab Tank, Opp. Gardan Tower, Hyderabad-500 028 Tele Fax (040) 23323576 · Mobile: 09849514572 · e-mail pgflhyd@yahoo.com
JAIPUR	:	100, Shanti Ratan, Dhuleshwar Garden, Sardar Patel Marg, Near C-Scheme, Jaipur Tel.: (0141) 2362232 · City Mobile: 0141-5066868
KOLKATA	:	11A, Armenian Street, 4th Floor, Kolkata 700 001 Ph.: (033) 22359293 · Fax : 22428287 · Mobile : 09830118220 · email : pgfoils@vsnl.net
KANPUR	:	Flat No. 7-A, Prabhu Vatika, 7/109 Swroop Nagar Kanpur 208002 · Mobile : 09336242531



NOTICE

NOTICE is hereby given that the Twenty Sixth Annual General Meeting of the members of PG FOILS LIMITED will be held at the Orient Club, Near Gujarat Collage Railway Crossing, Kavi Nanalal Marg Ellisbridge, Ahmedabad on Friday 30th Sept.2005 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, 2005 and the Profit & Loss account for the year ended on 31st March 2005, the report of the Directors and the Auditor's thereon.
2. To declare a dividend for the Financial Year ended 31st March, 2005.
3. To appoint a Director in place of Shri Vimal Dhaddha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Hemant Kumar Nema, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956 and in terms of provisions of schedule XIII of the act, the company hereby approves the terms of increase/variation in remuneration of Shri Pankaj P Shah, Managing Director of the Company for the residual period of his term of appointment with effect from 1st April, 2005 on the terms & conditions set out in the agreement entered into with him which agreement is hereby specifically approved with liberty to the Board of directors to alter & vary the terms & conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Shri Pankaj P Shah

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956 and in terms of provisions of schedule XIII of the act, the company hereby approves the terms of increase/variation in remuneration of Shri Abhay P Shah, Whole Time Director of the Company for the residual period of his terms of appointment with effect from 1st April, 2005 on the terms & conditions set out in the agreement entered into with him which agreement is hereby specifically approved with liberty to the Board of directors to alter & vary the terms & conditions of the said agreement in such manner as may be agreed to between the Board of Directors and Shri Abhay P Shah

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

"RESOLVED THAT in accordance with the applicable provision of the companies act, 1956 and The Listing Agreement with Stock Exchanges, or any amendment or reenactment thereof, consent be and is hereby accorded for payment of fees to the non-executive directors of the company, for attending meetings of the board of Directors/Committee thereof, of amount(s), as may be determined by the Board, within the limit of Rs. 20,000/- individually per meeting as presently prescribed or such other limit as may be prescribed by Central Government from time to time in that behalf"

REGISTERED OFFICE

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

By order of the Board

Place : Jaipur
Date : 25th August 2005

(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 28.09.2005 to 30.09.2005 (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 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 2005, may send their queries at least 10 days before the Annual General Meeting at the Registered Office of the Company.
7. **Demat Registrar's Cum Share Agent** : M/s Pinnacle Shares Registry Pvt. Ltd.
For both Demat & Physical mode) Near Ashoka Mills, Naroda Road
Ahmedabad 380 025
Tel. : (079) 22204226, 22200591
Fax : (079) 22202963

REGISTERED OFFICE

6, Neptune Tower,
Ashram Road,
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By order of the Board

Place : Jaipur
Date : 25th August 2005

(PANKAJ P SHAH)
Managing Director



EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF COMPANIES ACT 1956:

Attached to the notice covering the Twenty Sixth Annual General Meeting to be held on Friday, 30th September 2005.

ITEM NO. 6

Shri Pankaj P Shah is presently Managing Director of the Company. He has played an integral and very important role in building PG Foils Limited a very reputed and well-known foil manufacturer of the country. His role and responsibility in the organization have increased tremendously considering the growth the company in terms of volume of business etc.

Keeping in view all these, the Board at its meeting held on 30th July, 2005 increased/revised the remuneration of Shri Pankaj P Shah w.e.f. 01st April '2005 for the residual period of his term of appointment. The principal terms & conditions of such increase in the remuneration of Shri Pankaj P Shah as contained in his agreement with the company are as follows:

- a) Period of appointment 5 Years
- b) Remuneration/Salary Rs.75,000/- P.M.
- c) Two Club fees excluding whole time membership fees

None of the directors of your company except Shri Pankaj P Shah Shri Ashok P Shah & Shri Abhay P Shah and Shri P.G. Shah are concerned or interested in this resolution.

The Board recommends this resolution for your approval.

This should be considered also as an abstract of the terms of appointment i.e. increase in remuneration of Shri Pankaj P Shah, Managing Director of the company and a memorandum as to the nature of the concern of interest of the directors in the said variation/increase in remuneration, as required under Section 302 of the companies Act, 1956.

ITEM NO. 7

Shri Abhay P Shah is presently Whole Time Director of the Company. He has proved his expertise in handling the marketing, exports and even purchase of the company with utmost ability and alacrity.

The board at its meeting held on 30th July 2005 increased/revised the remuneration of Shri Abhay P

Shah w.e.f. 01st April 2005 for the residual period of his term of appointment.

The principal terms & conditions of such increase/revision in remuneration of Shri Abhay P Shah as contained in his agreement with the company are as follows:-

- a) Period of appointment 5 Years
- b) Remuneration/Salary Rs.70,000/- P.M.
- c) Two Club fees excluding whole time membership fees

None of the directors of your company except Shri Pankaj P Shah Shri Ashok P Shah & Shri Abhay P Shah and Shri P.G. Shah are concerned or interested in this resolution.

The Board recommends this resolution for your approval.

This should be considered also as an abstract of the terms of appointment i.e. increase in remuneration of Shri Abhay P Shah, Whole Time Director of the company and a memorandum as to the nature of the concern of interest of the directors in the said variation/increase in remuneration, as required under Section 302 of the companies Act, 1956.

ITEM No. 8

In terms of the revised Clause 49 of the Listing Agreement with Stock Exchanges, approval of the Shareholders, is required now for payment of Sitting fees to the Non-Executive Director of a company. The non-executive directors of your company are entitled to sitting fees, as determined by the board from time to time, for attending meetings of the Board and committee thereof. The Board at its meeting held on 30th July, 2005, recommended for the approval of the members, payment of sitting fees to non-executive directors, individually.

The non-executive directors of your company are interested in the resolution to the extent of sitting fees that may be paid to them.

The Board recommends the resolution for your approval.

REGISTERED OFFICE

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

Place : Jaipur
Date : 25th August 2005

By order of the Board

(PANKAJ P SHAH)
Managing Director



DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 26th Annual report of your Company together with the audited annual account of the Company for the year ended 31st March 2005.

FINANCIAL HIGHLIGHTS

Rs. In Lacs

	2004-25	2003-24
Net Sales & Other Incomes	8438.51	8073.64
Profit before Depreciation & Tax	312.26	459.72
Less: Depreciation	110.33	97.34
Profit Before Taxation	201.93	362.38
Less: Provision for Taxation		
Excluding Deferred Tax	52.50	32.50
Profit After Tax	149.43	329.88
Add/(Less) Prior Period Adjustments and		
Deferred Tax	8.26	(66.94)
Add: Profit Brought Forward	1829.21	1566.27
Profit available for appropriations	1986.90	1829.21
APPROPRIATION:		
Less: Proposed Dividend	70.80	—
Less: Dividend Tax	9.93	—
Balance Carried Forward	1906.17	1829.21

OPERATIONS

During the year your company achieved a Gross turnover of Rs. 9230.66 Lacs as against Rs. 8788.31 Lacs in the previous year which shows a growth of 5.03% for the year.

Profit before tax decreased to Rs. 201.93 Lacs by 44.28% from Rs. 362.38 Lacs of previous year. During the year company taken keyman policies on life of Employees Directors and paid premiums of Rs.452.00 Lacs., which has been debited to profit & loss account.

Profit before Tax & Keyman premium decreased by 17.07% to Rs. 653.93 Lacs from previous year.

The unprecedented decrease in profits is mainly due to import of good quality Aluminium Foil Stock at Higher cost and delay in absorption of price increase by customers.

It is expected that decision taken by company to use good quality Imported Foil Stock will contribute in the performance for the year 2005-2006.

Exports have significantly decreased from Rs. 957.20 Lacs to Rs.447.93 Lacs mainly due to stop of trading Export activity by company.

Windmill installed at Jaisalmer for captive consumption generated 1038441 units during 01.04.2004 to 31.03.2005. Company already received shortfall amounting to Rs. 1145833/- against guaranteed generation.

DIVIDEND

The Board of Directors has recommended a Dividend of Rs. 1/- (10 Percent) Per Equity Share (exclusive of corporate tax on dividend) to all the members for their approval.

ISO 9001-2000 CERTIFICATION

The company have been awarded ISO 9001:2000 certificate on 12th April 2005 by BVQI.

FIXED DEPOSITS

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

DIRECTORS

Shri Vimal Dhaddha and Shri Hemant K Nema, the directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

INFORMATION AS REQUIRED UNDER CLAUSE 49(VI) (A) OF LISTING AGREEMENT

Shri Vimal Dhaddha is an Industrialist of Jaipur having very vast experience in Foreign Trade. Shri Hemant K Nema is also an Industrialist having experience in Pharmaceutical business and thus have very good knowledge of Aluminium Foil marketing.

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 is 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.2005 and the profit and loss account for the year ended 31st March,2005.
- 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 company has been proactive in the area of corporate governance and continue to pursue the standards vigorously as prescribed by securities and Exchange Board of India (SEBI) A detailed Report appears in the annexure to the Directors Report.

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

Messers 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 wish to gratefully acknowledge the valuable guidance and co-operation extended by the Central and State Government during the year under review. The Directors also express their gratitude to the company's bankers, shareholders, customers and also suppliers who had always supported the company and held in its growth.

Last but not the least, your directors take pleasure in placing on record their deep appreciation of the excellent contribution made by employees at all levels without which the company would not have achieved such good performance.

REGISTERED OFFICE

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

By Order of the Board,

Place : Jaipur

Date : 25th August 2005

(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:

Change of Control Panel, Web Guiding Systems, Air Heater and Slitter Machines.

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

Nearly Rs. 40 Lacs incurred on installation of Slitter, VMCH Coater and replacement of control panels.

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 saved by App. Rs.10.00 Lacs from previous year.

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. 447.13 lacs during the year. Total foreign exchange utilised Rs. 1459.26 lacs.

FORM "A"**(A) POWER & FUEL CONSUMPTION**

(1) ELECTRICITY	CURRENT YEAR	PREVIOUS YEAR
(a) Purchased (Unit KWH)	6390060	6995220
Total Amount (Rs.)	28961644	30494909
Rate per unit (Rs.)	4.53	4.35
(b) Own generation		
(i) Through Diesel/		
LDO Generator (Units)	585000	482400
Unit per liter of Diesel/LDO	2.50	3.60
Diesel/LDO Cost per liter	28.21	17.30
(ii) Through steam Turbine		
Generator Unit	N.A.	N.A.
(2) COAL	N.A.	N.A.
(3) FURNACE OIL		
Quantity(Liters)	156420	130600
Total amount (Rs. In lacs)	22.22	14.56
Average rate (per liter)	14.21	11.15

(4) OTHER/INTERNAL GENERATION**(B) CONSUMPTION PER UNIT OF PRODUCTION**

Aluminium Foil including Poly coated Cable wrap & laminated flexible packaging

Electricity 2014 Kwh Per MT 2178 Kwh Per MT MT

Furnace Oil 45 liter per MT 38 liter per MT

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.

Development of 5 Ply Multi Laminates foil.

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

(a) Several new specifications like contraceptive Foil and Butter Wrap produced commercially.

(b) By use of imported foil stocks productivity and quality of the products have been substantially improved to accepted level of multi national companies

(3) Future Plan of action

Aiming to produce zero defect quality.

(4) Expenditure of R & D.

Company is planning to invest Approx. Rs. 15 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 developments.

(2) Benefits derived as a result of the above efforts; - Increase in local and Export Sale.

(3) Imported Technology : Not Applicable.

For and on behalf of the Board

Place: Jaipur
Date : 25th August 2005

(PANKAJ P SHAH)
Managing Director