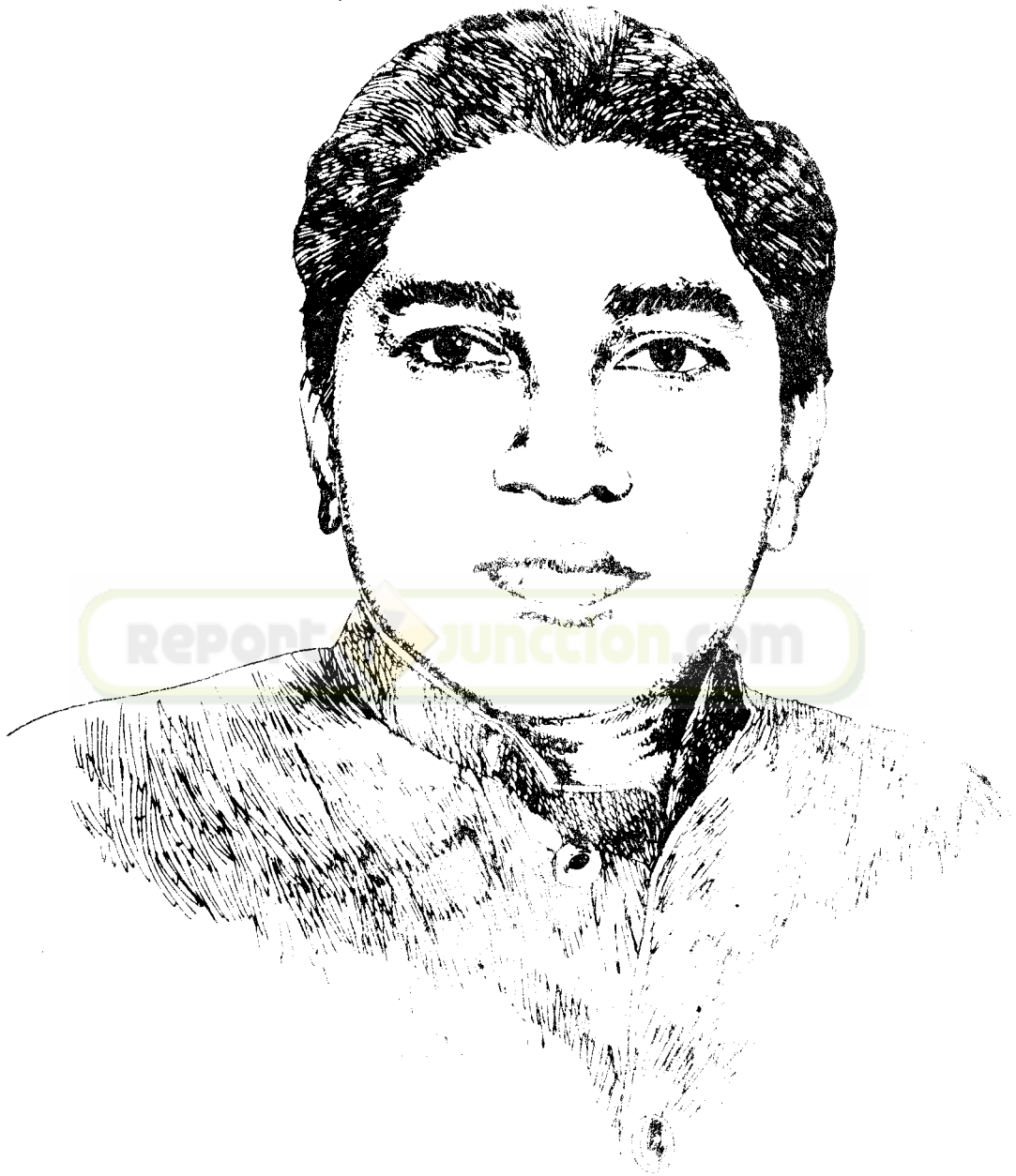


Where legend and technology mingle



Annual Report 2005-2006

 PG Foils Ltd.



Founder/Chairman - Late Sim Hon Seng (1925-2006)

BOARD OF DIRECTORS

SHRI PANKAJ 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
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

SENIOR EXECUTIVES

SHRI R M JAIN
 SHRI SANJIB MITRA

EXECUTIVE DIRECTOR (FINANCE)
 EXECUTIVE DIRECTOR (OPERATION)

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, 32986262 · Fax : 079-26584187 · Mobile : 9825181805

WORKS & HEAD OFFICE

PO : Pipalia Kalan 306 307 Dist. Pali Rajasthan
 Tel. : (02937) 287151-56 · Fax : 02937-287150 · Mobile : 09351622111,
 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 : 09324810536 · e-mail : pgfmum@ricmail.com
CHENNAI	:	Maloo Estate, 7 Micetich Colony, Madhavaram, Chennai 600 060 Tel. : (044) 55145456 · Mobile : 09383025913
AHMEDABAD	:	6, Neptune Tower, Ashram Road, Ahmedabad-380009 Tel. : (079) 26587606, 32986262 · 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, 32537032 · Fax : 2358103 Mobile : 09350252736, 9868120685 · e-mail : pgfoils@rediffmail.com
BANGALORE	:	No.34, 10th Main Near Dav Public School, Prashanthi Nagar, Bangalore - 560 078 Mobile : 9341441148
HYDERABAD	:	House No.10-5-3/2/3, Masab Tank, Opp.Gardan Tower, Hyderabad- 500 028 Tele Fax : (040) 23323576 · Mobile: 09394759180, 09849514572 e-mail : pgflhyd@yahoo.com
JAIPUR	:	Mayur Apartment, Flat No. T-3&4, 40-41, Mahampura, Raj Bhawan Road, Civil Line, Jaipur Mobile : 9314434912
KOLKATA	:	55, Canning Street, Block D, 1st Floor Kolkata - 700 001 Tel. : (033) 22359293, Mobile 09830118220 · email : pgfoils@vsnl.net



NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of PG FOILS LIMITED will be held at the Orient Club, Near Gujarat College Railway Crossing, Kavi Nanalal Marg Ellisbridge, Ahmedabad on Friday 29th Sept. 2006 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, 2006 and the Profit & Loss account for the year ended on 31st March 2006, the report of the Directors and the Auditor's thereof.
- 2 To appoint a Director in place of Shri Pooran Raj G Shah, who retires by rotation and being eligible, offers himself for re-appointment.
- 3 To appoint a Director in place of Shri Assem Khullar, 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 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 re-appointment of Shri Abhay P Shah, Whole Time Director of the Company for a further period of Five Years with effect from 30th April, 2006 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 and 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".

- 6 To Consider and if thought fit to pass, with or without modification the following resolution as on Ordinary resolution: -

"RESOLVED THAT in modification of resolution

passed at the Annual General Meeting of the Company held on 22nd September, 2003, 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 enters 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 purposes, provided that the total amount so borrowed by the board shall not at any time exceed the limit of Rs.75 Crores only (Rupees Seventy Five Crores only)."

- 7 To consider and if thought fit to pass with or without modification, 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."

REGISTERED OFFICE

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

By order of the Board

Place : Pipalia Kalan

(PANKAJ P SHAH)

Date : 24th August 2006

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/HER 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 27.09.2006 to 29.09.2006 (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 2006, may send their queries at least 7 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,
 AHMEDABAD-380 009

By order of the Board

Place : PIPALIA KALAN
 Date : 24th August 2006

(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 covering the Twenty Seventh Annual General Meeting to be held on Friday, 29th September 2006.

ITEMS NO. 5

The Board of Directors of the company was unanimously of the view that it was for the best interest of the company, that Shri Abhay P Shah should be reappointed as Whole Time Director of the company for a further period of 5 Years from 30th April 2006. Accordingly the Board in its meeting reappointed Shri Abhay P Shah for a further period of 5 years on the basis of remuneration set out below which is in conforming with the provisions of schedule XIII of the companies Act, 1956. The Board has also approved the draft agreement which may be entered into with Shri Abhay P Shah. The Particulars of remuneration payable to Shri Abhay P Shah are as under:-

Salary : Rs.70,000/- Per Month

Two Club fees excluding whole time membership & entrance fees.

The Agreement proposed to entered into by the company with Shri Abhay P Shah is available for inspection of members at the Registered Office of the company on all working days prior to the meetings between 11.00 A.M to 1.00 P.M.

Shri Abhay P Shah, being the appointed is interested in the proposed resolution, together with Shri Pooran Raj G Shah, Pankaj P Shah, Director of the company, who are relative to Shri Abhay P Shah. None other Directors are concerned or interested in the resolution. The directors recommended this resolution for approval of the share holders. The explanatory statement together with the accompany notice should be treated as the Abstract of the term of reappointment of Shri Abhay P shah as Whole Time Director U/S 302 of the Indian Companies Act.1956.

ITEM NO. 6

The Board of directors of the company 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 its Annual General Meeting held on 22nd September, 2003, passed an ordinary resolution u/s 293(1) (d) of the Indian Companies Act 1956, authorizing the board of Directors of the company to borrow money in excess of aggregate of its paid up capital & free reserves upto Rs. 40 Crores only. However now it is considered appropriate to seek the share holders approval for increasing the said borrowing limits to Rs. 75 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. 7

The company proposes to make applications to the financial institutions and/or Banks to grant term loans not exceeding Rs. 75 Crores only for which it will be necessary to create mortgage/charges in favour of term lending institutions/Banks. In term of loan agreements with them it may be considered for disposal of company's undertaking within the meaning & purview 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.

REGISTERED OFFICE

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

By order of the Board

Place : Pipalia Kalan
Date : 24th August 2006

(PANKAJ P SHAH)
Managing Director

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 27th Annual report of your Company together with the audited annual account of the Company for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS**Rs. In Lacs**

	2005-06	2004-05
Net Sales & Other Incomes	10585.35	8449.17
Profit before Depreciation & Tax	307.67	312.26
Less: Depreciation	123.17	110.33
Profit Before Taxation	184.50	201.93
Less: Provision for Taxation		
Excluding Deferred Tax	78.84	52.99
Profit After Tax	105.66	148.94
Add : Prior Period Adjustments		
and Deferred Tax	67.38	8.75
Add/Less: Profit Brought Forward	1906.17	1829.21
Profit available for appropriation	2079.21	1986.90
APPROPRIATION:		
Less : Proposed Dividend	—	70.80
Less : Dividend Tax	—	9.93
Balance Carried forward	2079.21	1906.17

OPERATIONS

During the year your company achieved a Gross turnover of Rs.11677.74 Lacs as against Rs.9241.32 Lacs in the previous year which shows a growth of 26.36% for the year.

Profit before tax decreased to Rs.184.50 Lacs by 10.61% from Rs.201.93 Lacs of previous year. During the year company paid Rs. 450 Lacs to words renewal premium of keyman policies on life of Employees Directors which has been debited to profit & loss account.

Profit before Tax, Provisions & Keyman premium increased by 3.80% from previous year to Rs. 678.79 Lacs

The decrease in profits is mainly due to provisions of

doubtful debts & advances to Rs. 44.25 Lacs and delay in absorption of price increase of raw materials by customers.

It is expected that prices of Aluminium Foil Stock and Grannuals will stable in current year.

Exports have significantly decreased from Rs. 447.93 Lacs to Rs. 293.53 Lacs mainly due to input cost increase on account of price increase of Aluminium Foil Stock & Grannuals in country.

Windmill installed at Jaisalmer for captive consumption generated 924556 units during 01.04.2005 to 31.03.2006. Company already received shortfall amounting to Rs. 2039623/- against guaranteed generation.

DIVIDEND

Your directors do not recommend any payment of Dividend for the year ended 31st March 2006.

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 Ashok P Shah Joint Managing Director has resigned from the board from 1st September 2005 as Director & Joint Managing Director. The Board wishes to place on record the high appreciation of the significant and valuable services rendered by Shri Ashok P Shah during their tenure as director of the company.

Shri Pooran Raj G Shah and Shri Assem Khullar, the directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Shri Abhay P Shah Whole Time Director of the company is to be reappointed for a further period of 5 years as a Whole Time Director of the company.



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

Shri Pooran Raj G Shah is an Industrialist having very vast experience in Business. He has been associated with the company since beginning. Shri Aseem Khullar 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 :-

In preparation of annual accounts, the applicable Accounting Standards have been followed. 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. 2006 and the profit and loss account for the year ended 31st March, 2006.

- a) 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 : Pipalia Kalan
Date : 24th August 2006

(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 Alternator on DG Set and direct Power from 33 KV Sub Station.

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

Nearly Rs.10 Lacs incurred on installation of New Alternator on DG Set.

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.5.00 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. 293.53 lacs during the year. Total foreign exchange utilised Rs. 2281.19 lacs.

FORM "A"
(A) POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
(1) ELECTRICITY		
(a) Purchased (Unit KWH)	7191090	6390060
Total Amount (Rs.)	32731804	28961644
Rate per unit (Rs.)	4.55	4.53
(b) Own generation		
(i) Through Diesel/ LDO		
Generator (Units)	1350262	585000
Unit per liter of Diesel/LDO	3.40	2.50
Diesel/LDO Cost per liter	27.53	28.21
(ii) Through steam Turbine		
Generator Unit	N.A.	N.A.
(2) COAL	N.A.	N.A.
(3) FURNACE OIL		
Quantity(Liters)	142120	156420
Total amount (Rs. In lacs)	18.76	22.22
Average rate (per liter)	13.20	14.21

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

Aluminium Foil including Poly coated Cable wrap & laminated flexible packaging

Electricity 1837 Kwh Per MT 2014 Kwh Per MT

Furnace Oil 30.56 liter per MT 45 liter per MT

FORM 'B'
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION REASEARCH & DEVELOPMENT
(1) Specific areas in which R&D carried out by the company.

(a) Development of 5 Ply Multi Laminates foil for export.

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

(a) Several new specifications 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: Pipalia Kalan
Date : 24th August 2006

(PANKAJ P SHAH)
Managing Director