

Where legend and technology mingle



Annual Report 2006-2007



PG Foils Ltd.



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

**BOARD OF DIRECTORS**

SHRI PANKAJ P SHAH
 SHRI ABHAY P SHAH
 SHRI S B KABRA
 SHRI VIMAL DHADDA
 SHRI HEMANT K NEMA
 SHRI ASSEM KHULLAR
 SHRI SAHIL P SHAH

MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 ADDITIONAL DIRECTOR

SENIOR EXECUTIVES

SHRI OP SINGHAL
 SHRI SANJIB MITRA
 SHRI M R JAIN
 SHRI M P SHAH

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

AUDITORS

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

BANKERS

IDBI Bank Ltd.
 State Bank of Bikaner & Jaipur

REGISTERED OFFICE

6, Neptune Tower, Ashram Road, Ahmedabad-380 009 (Guj).
 Phone : (079) 26587606, 32986262 · Mobile 09328273242

WORKS & HEAD OFFICE

PO : Pipalia kalan 306 307 Dist. Pali Rajasthan
 Tel.: (02937) 287151-56 · Fax: 02937-287150 · Mobile: 9351622111
 e-mail pgfoils@ricmail.com

SALES OFFICES

MUMBAI : Neelam Building, 1st Floor, 80, Marine Lines, Mumbai-400 002
 Tel. : (022) 22813448, 22815612, 32428026 · 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 · Mobile: 09328273242

DELHI : 3058/3063, D.B. Gupta Road, 1st Floor, Pahar Ganj, Delhi-110 055
 Tel./fax : (011) 23581033, 32537032, 23581035, 23981502
 Mobile: 09350252736, 9868120685 · e-mail : pgfoils@rediffmail.com

BANGALORE : No.34, 10th Main Near DAV Public School, Prashanthi Nagar, Bangalore 560 078
 Tel./Fax: 080 26665649

HYDERABAD : House No.10-5-3/2/3, Masab Tank, Opp. Gardan Tower, Hyderabad- 500 028
 Tel./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 Eight Annual General Meeting of the members of PG FOILS LIMITED will be held at the Ellis Bridge, Gymkhana Club, Netaji Marg, Ellisbridge, Ahmedabad-380006 on Friday 28th Sept.2007 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,2007 and the Profit & Loss account for the year ended on 31st March 2007, the report of the Directors and the Auditor's thereof.
2. To appoint a Director in place of Shri S B Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vimal Dhadda, 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 subject to the provisions of the securities contracts (regulations) act 1956, listing agreement with the stock exchange and guidelines/Rules of the securities exchange Board of India and all other applicable rules, regulations, laws and guidelines and subject to such other further approvals and sanctions as may be required the board of directors (herein after referred to

as "the Board" which term shall include a committee of directors) be and is hereby authorized to de-list the equity shares of the company from Jaipur Stock Exchange at Jaipur.

RESOLVED FURTHER THAT for the purpose of de-listing the equity shares of the company from Jaipur Stock Exchange the Board of Directors be and are hereby authorized to do all such acts, deeds and things as it may consider necessary.

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

RESOLVED THAT Shri Sahil P Shah who was appointed as an Additional Director by the Board at its meeting held on 11th August 2007 in terms of section 260 of the Companies Act, 1956 and who holds office upto this Annual General Meeting & in respect of whom a notice have been received from a shareholder be and is hereby appointed as an Director of the Company on Board liable to retire by rotation.

REGISTERED OFFICE

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

By order of the Board

Place : Jaipur
Date : 18th August 2007

(PANKAJ P SHAH)
Managing Director

NOTES

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.

1. The Register of members and share transfer books of the company will remain closed from 26.09.2007 to 28.09.2007 (Both days inclusive).
2. Members are requested to notify any changes in their address and mandates, if any immediately at the Registered Office of the Company in writing.
3. 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.
4. 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.
5. Members who wish to obtain any information on the company or its accounts for the financial year ended 31st March 2007, may send their queries at least 7 days before the Annual General Meeting at the Registered Office of the Company.
6. **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 No.(079)22204226,22200591
 Fax No.(079) 22202963

REGISTERED OFFICE

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

By order of the Board

Place : Jaipur
 Date : 18th August 2007

(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 Eight Annual General Meeting to be held on Friday, 28th September 2007.

ITEMS NO.5

The Securities and Exchange Board of India has notified "De-listing of Securities Guidelines 2003 on Feb 17, 2003 (The Guidelines). As per the Guidelines, a Company may seek voluntary de-listing of its securities from all or any of the stock exchange and further that an exit opportunity is not required to be provided in cases where such securities continue to be listed at a stock exchange having nationwide trading terminals i.e. the stock exchange Mumbai, The national stock exchange and any other stock exchange that may be specified by SEBI in this regard.

At present Equity Shares of the company are listed at stock exchange at Mumbai, Jaipur and Ahmedabad. It is proposed to de-list the equity shares of the company from the Jaipur Stock Exchange in view of their negligible trading at this stock exchange, consent of members is sought to de-list Equity Shares at Jaipur stock exchange Limited as proposed in this resolution.

None of the directors of the company are interested or concerned in this resolution proposed.

ITEMS NO. 6

Shri Sahil P Shah was appointed as an Additional Director of the company on 11th August 2007 under the provision of section 260 of the Companies Act, 1956. Shri Sahil P Shah shall hold office upto the date of this Annual General Meeting. The Company has received a notice under section 257 along with the requisite fees from a member proposing the candidature of Shri Sahil P Shah for the office of Director of the Company liable to retire by rotation. In order to broad base the board and also to get the benefits of Shri Sahil P Shah's education in abroad. The Board recommends his appointment to Share Holders for their approval. Shri Pankaj P Shah, Managing Director & Shri Abhay P Shah, Whole Time Director is interested in this resolution.

The Board recommends the resolution for approval of members.

REGISTERED OFFICE

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

By order of the Board

Place : Jaipur
Date : 18th August 2007

(PANKAJ P SHAH)
Managing Director

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 28th Annual report of your Company together with the audited annual account of the Company for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS

Rs. In Lacs

| | 2006-07 | 2005-06 |
|------------------------------------|----------|----------|
| Net Sales & Other Incomes | 10414.00 | 10585.35 |
| Profit before Depreciation & Tax | 201.60 | 307.67 |
| Less: Depreciation | 117.95 | 123.17 |
| Profit Before Taxation | 83.65 | 184.50 |
| Less: Provision for Taxation | | |
| Excluding Deferred Tax | 26.40 | 78.84 |
| Profit After Tax | 57.25 | 105.66 |
| Add: Prior Period Adjustments | | |
| and Deferred Tax | 38.67 | 67.38 |
| Add/Less: Profit Brought Forward | 2079.21 | 1906.17 |
| Profit available for appropriation | 2175.13 | 2079.21 |
| APPROPRIATION: | | |
| Less : Proposed Dividend | - | - |
| Less : Dividend Tax | - | - |
| Balance Carried forward | 2175.13 | 2079.21 |

OPERATIONS

During the year your company achieved a Gross turnover of Rs.11598.10 Lacs as against Rs.11677.

74 Lacs in the previous year.

Profit before tax decreased to Rs.83.65 Lacs from Rs.184.50 Lacs of previous year. During the year company paid Rs.450 Lacs towards renewal premium of keyman policies on life of Employees, which has been debited to profit & loss account.

Profit before Tax & Keyman premium decreased by 15.89% from previous year to Rs.634.50 Lacs

The decrease in profits is mainly due to 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 Increased from Rs. 293.53 Lacs to Rs. 622.02 Lacs mainly due to efforts made by our Marketing team.

Windmill installed at Jaisalmer for captive consumption generated 831636 units during 01.04.2006 to 31.03.2007. Company already received shortfall amounting to Rs. 2539570/- against guaranteed generation.

DIVIDEND

Your directors do not recommend any payment of Dividend for the year ended 31st March 2007.

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 Pooran Raj G Shah Director has resigned from the board from 11th August 2007 as Director. The Board wishes to place on record the high appreciation of the significant and valuable services rendered by Shri Pooran Raj G Shah during their tenure as director of the company.

Shri S.B Kabra the director of the company will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Shri Vimal Dhadda the director 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 Pooran Raj G Shah is an Industrialist having vary vast experience in Business. He has been associated with the company since beginning. Shri Assem

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 :-

- a) In preparation of annual accounts, the applicable Accounting Standards have been followed.
- b) Appropriate Accounting Policies have been selected and applied consistently and judgments 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.2007 and the profit and loss account for the year ended 31st March, 2007.
- 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 : 18th August 2007

(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, Cable line and direct Power from 33 KV Sub Station.

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

New Cable line work completed this year

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. Rs17.05 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 622.02 lacs during the year. Total foreign exchange utilised Rs.2769.26 lacs.

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

| | CURRENT YEAR | PREVIOUS YEAR |
|------------------------------|-----------------|------------------|
| (1) ELECTRICITY | | |
| (a) Purchased (Unit KWH) | 6400545 | 7191090 |
| Total Amount (Rs.) | 28004219 | 32731804 |
| Rate per unit (Rs.) | 4.37 | 4.55 |
| (b) Own generation | | |
| (i) Through Diesel/ | | |
| LDO Generator (Units) | 1085400 | 1350262 |
| Unit per liter of Diesel/LDO | 3.35 | 3.40 |
| Diesel/LDO Cost per liter | 36.86 | 27.53 |
| (ii) Through steam Turbine | | |
| Generator Unit | N.A | N.A. |
| (2) COAL | N.A. | N.A. |
| (3) FURNACE OIL | | |
| Quantity(Liters) | 180940 | 142120 |
| Total amount (Rs. In lacs) | 34.15 | 18.76 |
| Average rate (per liter) | 18.87 | 13.20 |

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

Aluminium Foil including Poly coated Cable wrap & laminated flexible packaging

Electricity 1865 Kwh Per MT 1837 Kwh Per MT

Furnace Oil 31.65 liter per MT 30.56 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.

(a) Continuous development of new specification in the existing multi laminates

(b) Manufacturing of thin & ultra thin gauge (light gauge) aluminum foil of final thickness from 50 micron (0.05mm) to 6 micron (0.006 mm) and in widths up to 1100 mm

(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: Jaipur
Date: 18th August 2007

(PANKAJ P SHAH)
Managing Director