

Where legend and technology mingle



Annual Report 2010-2011



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 SAHIL P SHAH
 SHRI VIMAL DHADDA
 SHRI HEMANT NEMA
 SHRI UDHAN KUMAR CHORDIA

MANAGING DIRECTOR
 WHOLE TIME DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR
 DIRECTOR

SENIOR EXECUTIVES

SHRI R M JAIN
 SHRI R YADAV
 SHRI M R JAIN
 SHRI AJOY MALHOTRA

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

COMPANY SECRETARY

SHRI RAMDEV SINGH JETMAL

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 (Gujarat)

WORKS & HEAD OFFICE

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 Tel.: (02937) 287151-56 • Fax: 02937-287150 • Mobile: 93516-00444
 e-mail : pgfoils@pgfoils.in, pgfoils.investor@gmail.com

SALES OFFICES

MUMBAI : 80, Neelam Building, 1st Floor, E-Road, Marine Lines, Mumbai-400 002
 Tel. : (022) 32428026, 32188889 • Fax : (022) 22813502
 Mobile : 093231-10405 • e-mail : anil@pgfoils.in, mumbaisales@pgfoils.in

CHENNAI : Sri Durga Ashirwad, 25/2 Periyar Nagar, Near Sri Valli Mahal, Moolakadaai,
 Chennai – 600 060 • Mobile : 093830-25913 • e-mail : skmaloo@gmail.com

AHMEDABAD : 6, Neptune Tower, Ashram Road, Ahmedabad – 380 009
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DELHI : 3058/3063, D.B.Gupta Road, 1st Floor, Pahar Ganj, Delhi-110 055
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 e-mail : pgfdelhi@gmail.com, shamshad@pgfoils.in, gverma@pgfoils.in

BANGALORE : No.34, 10th Main Near DAV Public School, Prashanthi Nagar, Bangalore – 560 078
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HYDERABAD : House No.10-5-3/2/3, Masab Tank, Opp. Gardan Tower, Hyderabad – 500 028
 Tel.: 040-23323576, 32577774 • Mobile:- 093947-59180, 098495-14572
 e-mail : pgflhyd@yahoo.com

JAIPUR : Mayur Apartment, Flat No. T-3&4, 40-41, Mahampura, Raj Bhawan Road, Civil Line,
 Jaipur • Mobile : 093144-34912. e-mail : trmehta@pgfoils.in

KOLKATA : 228, A.C.R. Avenue, Near Girish Park, Kolkata – 700 006
 Tel.: 033-22359293 • Mobile : 093320-06400 • e-mail : sanjay@pgfoils.in

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of P G Foils Limited will be held at Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad 380 009 on Friday, the 30th day of September 2011, at 11:00 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 2011 and the Profit & Loss Account for the year ended on 31st March 2011, the report of the Directors and Auditors thereof.
2. To declare a dividend for the Financial Year ended 31st March, 2011.
3. To appoint a director in place of Mr. Vimal Dhadda, who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Udhan Kumar Chordia, who retire by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and 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 provision of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 approval of the company in general meeting be and is hereby accorded to the reappointment of Shri Abhay P Shah as Whole Time Director of the Company made in conformity with the provisions of Schedule XIII of the act for a further period of five years w.e.f. 30.04.2011 on the basis of remuneration, terms and conditions set out in draft agreement to be entered into by the company with him, which is hereby specifically sanctioned and approved.

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 provision of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 and

pursuant to the provisions of Schedule XIII of the act and the Article of Association of the Company and subject to such approval and permission as may be required, if any, approval of the shareholders be and is hereby accorded to increase the remuneration payable to Shri Pankaj P Shah, as the Managing Director of the Company for residual period of his term of appointment with effect from 1st October, 2011, as set out in the explanatory statement of this notice, and within the limits prescribed in the Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT in the event of absence or inadequacy of net profit in any Financial Year the remuneration payable to Shri Pankaj P Shah shall be governed by provisions of Schedule XIII of the Companies Act, 1956 or any Statutory modification thereof.

REGISTERED OFFICE

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

By order of the Board
For P G Foils Limited

Place : Jaipur
Date : 25th August 2011

(PANKAJ P SHAH)
Managing Director

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxies in order to be valid, must be received by the Company at its Registered Office / Principal Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / Proxies should bring the admission slip sent herewith, duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting. Members are requested to indicate, without fail, their Folio No. or as the case may be DP ID and Client ID numbers in the admission slip.
4. Members are requested to bring their copies of the Annual Report with them.
5. The register of members and share transfer books of the company will remain closed from 24th September, 2011 to 30th September, 2011 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if any, declared at the meeting.
6. 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.
7. The information and the details of the directors to be reappointed, to be provided in terms of clause 49 of the Listing Agreement with Stock Exchanges is annexed.
8. Members are requested to notify any changes in their address and mandates, if any, immediately at the Registered Office of the Company in writing.
9. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgment of request for these transactions, is now mandatory.
10. Non-Resident Indian Shareholders are requested to inform the company immediately about:
 - a. The Change in the residential status on return to India for permanent settlement.
 - b. The particulars of NRO Bank Account in India, if not furnished earlier.
11. The Company has appointed M/s Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Mumbai – 400 072 having its branch office at 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006 as the common agency to handle electronic connectivity and the shares in physical mode. Therefore, the members are requested to send all their communications to them or at the Share Division Office of the Company at 6, Neptune Tower, Ashram Road, Ahmedabad – 380 009.
12. In terms of the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, communication vide General Circular No. 14/2011 dated 21-04-2011 read with General Circular No. 18/2011 dated 29-04-2011, the Annual Reports, notice of meetings and other statutory documents required to be furnished by the Company to the Members can be sent in electronic mode. For this purpose, the Members are requested to register their e-mail addresses with the RTA, for receiving the aforesaid information in electronic mode.

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

Place : Jaipur
Date : 25th August 2011

By order of the Board
For P G Foils Limited

(Pankaj P Shah)
Managing Director

Annexure to Notice

Details of Directors seeking reappointment at the forthcoming Annual General Meeting (as required under clause 49 of the Listing Agreement)

ITEMS NO. 3

Name of the Director	Mr. Vimal Dhadda
Date of Birth	04.04.1954
Date of Appointment	16.05.1995
Experience	36 Years Vast Business Experience
Directorship in other Public Limited Companies As on 31st March, 2011	None
Chairmanship/Membership of committees of Other Public Limited Companies as on 31st March 2011	I. Shareholders / Investor Grievance Committee :- A. Chairman:- None B. Member:- None II. Audit committee: A. Chairman:- None B. Member:- None

ITEMS NO. 4

Name of the Director	Mr. Udhan Kumar Chordia
Date of Birth	24.05.1971
Date of Appointment	21.03.2009
Experience	20 Years Vast Business Experience
Directorship in other Public Limited Companies As on 31st March, 2011	None
Chairmanship/Membership of committees of Other Public Limited Companies as on 31st March 2011	I. Shareholders / Investor Grievance Committee :- A. Chairman:- None B. Member:- None II. Audit committee: A. Chairman:- None B. Member:- None

Explanatory Statement under section 173 (2) of the Companies Act 1956
ITEM NO. 6

The Board of Directors of the company was of the view that it was in the interest of the company that Shri Abhay P Shah should be reappointed as Whole Time Director of the company for a further period of five years from 30th April 2011. Accordingly the Board at its meeting reappointed Shri Abhay P Shah for a further period of five years from 30th April 2011 at a remuneration of Rs. 70,000/- per month as salary plus Two clubs fee excluding whole time membership fees. But later on after keeping in view of his expertise in handling the marketing, exports and even purchase of the company with utmost ability and alacrity, the Board of Directors at its meeting held on 12th August, 2011 has accepted the recommendation of the Remuneration Committee and has approved the increase in the remuneration of the Whole Time Director, subject to approval of the shareholders of the company for the residual period of his term of appointment with effect from 01st October, 2011.

The payment of remuneration, perquisites and allowances payable to him, if approved by the shareholders will stand revised as follows:

Salary - Rs. 1,00,000.00 per month

Two clubs fee excluding wholetime membership fees.

Shri Abhay P Shah shall also be entitled for reimbursement of actual entertainment, traveling, boarding, and lodging expenses etc. incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executive of the Company.

The agreement proposed to be 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 its working days prior to the meeting between 11.00 AM to 01.00 PM.

Shri Abhay P Shah being the appointee is interested in the proposed resolution with Shri Pankaj P Shah and Shri Sahil P Shah, directors of the company who are relative to Shri Abhay P Shah, no other directors are concerned or interested in this resolution. The directors recommended this resolution for approval of the shareholders. The explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of reappointment and increase in remuneration of Shri Abhay P Shah as Whole Time Director under Section 302 of the Companies Act, 1956.

ITEM NO. 7

Shri Pankaj P Shah is presently Managing Director of the Company. He has played an integral and very important role in building P G 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 of the Company in terms of volume of business etc. Keeping in view all these, the Board of Directors at its meeting held on 12th August, 2011 has accepted the recommendation of the Remuneration Committee and has approved the increase in the remuneration of the Managing Director, subject to approval of the shareholders of the company for the residual period of his term of appointment w. e. f. from 1st October, 2011.

The payment of remuneration, perquisites and allowances payable to him, if approved by the shareholders will stand revised as follows:

Salary - Rs. 1,05,000.00 per month

Two clubs fee excluding wholetime membership fees.

Shri Pankaj P Shah shall also be entitled for reimbursement of actual entertainment, traveling, boarding, and lodging expenses etc. incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executive of the Company.

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

The Board recommends this resolution for approval of the shareholders.

The explanatory statement together with the accompanying notice is and should be treated as an abstract of the terms of appointment i.e. increase in remuneration of Shri Pankaj P Shah as Managing Director under Section 302 of the Companies Act, 1956.

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

Place : Jaipur
Date : 25th August 2011

By order of the Board
For P G Foils Limited

(PANKAJ P SHAH)
Managing Director

Dear Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report of your Company together with the audited annual account of the Company for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

Rs. In Lacs

	2010-11	2009-10
Net Sales & Other Incomes	14781.62	14035.54
Profit/(Loss) before Depreciation & Tax	1580.60	741.83
Less: Depreciation	332.27	209.24
Profit/(Loss) Before Taxation	1248.33	532.59
Less: Provision for Taxation excluding Deferred Tax	150.51	75.80
Profit After Tax	1097.82	456.79
Add/less: Prior Period Adjustments and Deferred Tax	160.05	(170.61)
Add/Less: Profit Brought Forward	2971.15	2684.97
Profit available for appropriation	3908.92	2971.15
APPROPRIATION:		
Less : Transfer to General Reserve	200.00	0.00
Less : Proposed Dividend	81.10	0.00
Less : Dividend Tax	13.47	0.00
Balance Carried forward	3614.35	2971.15

DIVIDEND

Your directors recommend a 10% dividend i.e. Re. 1/- for every equity shares of Rs. 10/- each fully paid-up, for the year 2010-11, aggregating to Rs. 81.10 Lacs, excluding dividend distribution tax.

OPERATIONS

During the year your company achieved a Gross turnover of Rs. 15342.31 Lacs as against Rs. 15263.42 Lacs in the previous year.

Profit before tax was increased to Rs. 1248.33 Lacs from profit of Rs. 532.59 Lacs of previous year mainly due to higher other income and receipt of 250 Lacs Key Man Insurance Maturity Income. During the year company has paid Rs. 250 Lacs towards premium of employer-employee policies on life of employees which has been debited to profit & loss account.

Exports have increased to Rs. 1053.82 Lacs from Rs. 875.73 Lacs.

Windmill installed at Jaisalmer for captive consumption generated 676558 units during 01.04.2010 to 31.03.2011. Company has installed one new 1.50 MW wind mill at Jaisalmer which has generated 713462 net billed units during the year.

ISO 9001-2000 CERTIFICATION

The company have been awarded ISO 9001:2000 certificate on 12th April 2005 by BVQI, which has been renewed for 3 years valid till 11th April 2011.

PUBLIC DEPOSITS

The Company has not invited/accepted any deposit from the public within the meaning of the section 58A of the companies Act, 1956 and the rules made there under.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vimal Dhadda and Mr. Udhav Kumar Chordia retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Brief resume of the Directors proposed to be re-appointed, nature of his expertise in specific functional areas and names of companies in which he hold directorship and membership/chairmanship of Board Committees, as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the annexure of Notice of Annual General Meeting.

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 traded in the dematerialization mode with effect from 2nd of April, 2001. Necessary agreements have been entered by the Company with NSDL, CDSL and with M/s Sharepro Services (India) Private Limited, who is registrar for transfer of shares (Demat and physical) of the company.

DIRECTORS RESPONSIBILITY STATEMENT

According to provision of Section 217 (2AA) of the Companies Act, 1956 your Directors would like to inform the members that the audited accounts for the financial year 31st March 2011 are in full conformity with the requirements of the Companies Act, 1956. The financial results are audited by the statutory auditors M/s H M Singhvi & Co. The Directors further confirm that:-

- a. The applicable accounting standards have been followed in the preparation of the Annual Accounts and proper explanations have been furnished, relating to material departures.
- b. Accounting Policies have been selected and applied consistently and reasonably, and prudent judgments have been made so as to give a true and fair view of the state of affairs of the company and the Profit & Loss account for the financial year ended 31st March, 2011.
- 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 detecting fraud and other irregularities.
- d. The annual account has been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Company has been practicing the principals of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) forming part of the Annual 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.

ACCOUNTS

Observations in the Auditor's Report read with relevant notes forming part of the accounts are self-explanatory and give the required information.

AUDITORS

M/s 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 earnings 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

Place : Jaipur
Date : 25th August 2011

By order of the Board
For P G Foils Limited

(PANKAJ P SHAH)
Managing Director

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

(A) CONSERVATION OF ENERGY

(1) POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
(a) ELECTRICITY		
(a) Purchased (Unit KWH)	8292993	7966560
Total Amount (Rs.)	37649229	36644656
Rate per unit (Rs.)	4.54	4.60
(b) Own generation		
(i) Through Diesel/		
LDO Generator (Units)	32142	46660
Unit per liter of Diesel/LDO	3.62	3.45
Diesel/LDO Cost per liter	37.52	30.09
(ii) Through steam Turbine	N.A.	N.A.
Generator Unit		
(b) COAL	N.A.	N.A.
(c) FURNACE OIL	N.A.	N.A.
(d) OTHER/INTERNAL GENERATION	N.A.	N.A.

(2) CONSUMPTION PER UNIT OF PRODUCTION

Aluminium Foil including Poly coated Cable wrap &
laminated flexible packaging

Electricity	1492 Kwh Per MT	1308 Kwh Per MT
Furnace Oil	N.A.	N.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. 1053.82 Lacs
during the year. Total foreign exchange utilized Rs.
1591.40 Lacs.

FORM 'B'

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

Research and Development (R&D) and benefit derived thereon:

- (1) Specific areas in which R&D carried out by the company.
 - a) Development of multi-laminates suitable for packaging of Pan Masala.
 - b) Manufacturing of thin & ultra thin gauge (light gauge) aluminium foil of finer thickness from 50 micron (0.05mm) to 6 micron (0.06 mm) and in widths up to 1100 mm.
 - c) Better control in process for improving quality of output.
 - d) Finding out ways and means for saving energy and cost.
 - e) Development of new product/discovering new method of analysis.
 - f) Establish Quality Management System.
- 2) Benefits derived as result of the above R&D :-
 - a) Maintaining competitive position in domestic market.
 - b) Maximum orders for laminate foil suitable for packaging of Pan Masala having higher profit margin.
 - c) Cost reduction.
 - d) Reduction in scrap percentage.
 - e) High Product Quality
- 3) Future plan of Action :-
 - a) To achieve zero defect process.
 - b) Development of ultra light gauge and other foils based on specification of niche Market
 - c) To create unique product range using different specifications.
- 4) Expenditure on R & D :-

Capital Expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tolls, spares, handling equipments and salaries of research personnel remain merged with various heads as per established accounting policy and expenditures incurred during the year under review on Research & Development are as follows :

 - (a) Capital Expenditure : NIL
 - (b) Recurring expenditure : Rs. 59,40,000/-
 - (c) Total research & Development expenditure : Rs. 59,40,000/-
 - (d) Total R&D Expenditure as a percentage of total turnover : 0.39%

REGISTERED OFFICE

6, Neptune Tower,
Ashram Road,
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Place : Jaipur
Date : 25th August 2011

**By order of the Board
For P G Foils Limited**

**(PANKAJ P SHAH)
Managing Director**