



EXCEL GLASSES LIMITED

**35th ANNUAL REPORT
2005-2006**



EXCEL GLASSES LIMITED

35TH ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

| | |
|---------------------|------------------------------|
| MR. PRASHANT SOMANI | — Managing Director |
| MR. RAVINDRA SOMANI | — Executive Director |
| MR. H. P. VYAS | |
| MR. R. D. PRABHU | |
| MR. R. C. ARORA | — Nominee of ICICI Bank Ltd. |
| MR. T. C. THOMAS | — Director (Technical) |

AUDITORS

M/s JOSEPH & NAMPIATHIRI
Chartered Accountants
Alappuzha (Kerala)

BANKERS

STATE BANK OF TRAVANCORE
THE SOUTH INDIAN BANK LIMITED
UCO BANK

REGISTERED OFFICE & WORKS

Udaya Nagar, Pathirapally
Allapuzha-688 521 (Kerala)
Telephone : (0477) 2258671-5 Fax : (0477) 2258670
Email : mail@excelglasses.com

CORPORATE OFFICE

Parijat House, 2nd Floor,
1076, Dr.E.Moses Road, Worli,
Mumbai-400 018 (Maharashtra)
Telephone : (022) 24933050 / 24920611
Fax : (022) 24937743
Email : eglmumbai@hathway.com

MARKETING OFFICE

B/1, 1st Floor, Indira Devi Apartments,
20A, Gopal Krishnan Street,
T. Nagar, Chennai – 600 017 (Tamilnadu)
Telephone : (044) 28154327

REGISTRAR AND SHARE TRANSFER AGENTS

Sharex Dynamic (India) Pvt.Ltd.
17/B, Dena Bank Building, 2nd Floor, Horniman Circle,
Fort, Mumbai-400 001 (Maharashtra)
Telephone : (022) 22702485 / 22641376 Fax : (022) 22641349
Email : sharexindia@vsnl.com

BOARD MEMBERS COMMITTEES

Audit Committee:

Mr. H. P. Vyas – Chairman
Mr. R. D. Prabhu – Member
Mr. T. C. Thomas - Member

Shareholders Grievance Committee:

Mr. H. P. Vyas – Chairman
Mr. R. D. Prabhu – Member
Mr. T. C. Thomas - Member

Executives :

Mr. B. G. Agarwal – Vice President (Commercial)
Mr. Mathew Tharakan - G. M. (Technical)
Mr. R. P. Khatod – Corporate Executive



EXCEL GLASSES LIMITED

FINANCIAL HIGHLIGHTS

| | 2006 | 2005 | 2004 | [RS. IN LACS] 2003 |
|------------------------------|-------|-------|--------|------------------------|
| FINANCIAL DATA : | | | | |
| GROSS REVENUE | 7751 | 7912 | 4214 | 4944 |
| LESS : EXCISE DUTY | 828 | 1050 | 551 | 637 |
| LESS : SALES TAXES | 237 | 290 | 153 | 147 |
| NET REVENUE | 6686 | 6572 | 3510 | 4160 |
| PBIDT | 657 | 655 | (66) | (499) |
| INTEREST & FINANCE CHARGES | 299 | 273 | 210 | 333 |
| DEPRECIATION | 211 | 215 | 200 | 197 |
| TAXATION | 6 | — | — | (1) |
| PROFIT (LOSS) FOR THE YEAR | 141 | 166 | (476) | (1028) |
| PAID UP EQUITY SHARE CAPITAL | 1409 | 1347 | 1347 | 1347 |
| NET WORTH | 2698 | 2490 | 2329 | 2805 |
| LOAN FUNDS | 3222 | 3028 | 3149 | 2833 |
| FIXED ASSETS (NET BLOCK) | 3195 | 3099 | 3228 | 2438 |
| WORKING CAPITAL | 2726 | 2419 | 2250 | 3199 |
| KEY RATIOS : | | | | |
| PBIDT / GROSS REVENUE | 0.08 | 0.08 | (0.02) | (0.10) |
| CURRENT RATIO | 4.40 | 4.87 | 4.01 | 5.54 |
| DEBT / EQUITY RATIO | 0.50 | 0.64 | 0.69 | 0.59 |
| BOOK VALUE PER SHARE | 12.38 | 11.42 | 10.21 | 13.75 |



NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of the Excel Glasses Limited will be held at 3.00 P.M. on **Friday, the 29th September, 2006** at the Registered Office of the Company at Pathirapally, Alappuzha (Kerala) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended 31st March, 2006 and the Report of the Directors' and the Auditors' thereon.
2. To appoint M/s Joseph & Nampiathiri, Chartered Accountants, Alappuzha, as Statutory Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration and reimbursement of out of pocket expenses.

SPECIAL BUSINESS

3. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

RESOLVED THAT Clause 118 of the Articles of Association of the Company be deleted and in place there the following new Clause no. 118 be substituted.

" The Common Seal of the Company shall not be affixed to any instrument except by the authority of a Resolution of the Board or Committee of the Directors authorized by the Board in that behalf, and except in the presence of one Director or Secretary or such other person as the Board or Committee of the Directors may appoint for that purpose, and the Director or the Secretary or other authorised person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence."

4. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

" **RESOLVED THAT** all non Executive Directors of the Company be paid a sitting fee and out of Pocket expenses for attending meeting of the Board of Directors or committee thereof, as may be determined by the Board of Directors which amount shall not exceed Rs.20,000/- (Rs. Twenty Thousands only) per meeting per Director or such other ceiling as may be prescribed under the Companies Act, 1956 or by the Central Government or any other Statutory Authority in that behalf."

5. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby granted to the Board of Directors of the Company (hereinafter referred to as the Board) to create mortgage(s) / charge (s) on any one or more undertakings of the Company including movable and / or immovable properties and assets of all kinds, present and future, in the form of first charge to secure Term Loan of Rs.500 lacs lent / to be lent by the Banks / FIs or any other Institution together with interest thereon, compounded interest, liquidated damages, commitment charges, premium on prepayment or on redemption, cost, charges, expenses, payable by the Company to the Banks / FIs or any other Institution for the Term Loan / Financial Assistance obtained as aforesaid.

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

"Resolved that Mr. T.C.Thomas who was appointed as Additional Director of the Company by the Board of Directors and who holds office as per section 260 of the Companies Act, 1956 upto the date of conclusion of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Section 198, 269, 309, Schedule XIII (as amended from time to time) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. T.C.Thomas as Director (Technical) of the Company for a period of 3 years term commencing from 7th August, 2006 till 6th August, 2009 on such salary and other perquisites as have been set out in the explanatory statement annexed to this Notice."

RESOLVED FURTHER THAT in case of absence or inadequacy of profits, salary and perquisites as above will be payable to Shri T.C.Thomas as minimum remuneration."

"**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to enhance, enlarge, alter or vary the scope and quantum of remuneration



EXCEL GLASSES LIMITED

and perquisites of Mr. T.C.Thomas subject to being in conformity with any amendment to the relevant provisions of the Companies Act, 1956, and / or rules made thereunder."

8. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Section 198, 269, 309, Schedule XIII (as amended from time to time) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Prashant Somani as Managing Director of the Company for a period of 5 years term commencing from 10th August, 2006 till 9th August, 2011 on the terms and conditions as set out in the draft agreement to be executed with Mr. Prashant Somani (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period), submitted to this meeting and initialed by the Chairman for identification with liberty to the Board of Directors, to alter, vary and modify the terms of said re-appointment / remuneration including salary, commission, allowances and perquisites in such manner as may be agreed to between Board of Directors and Mr. Prashant Somani within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Mr. Prashant Somani.

9. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Section 198, 269, 309, Schedule XIII (as amended from time to time) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Ravindra Somani as Executive Director of the Company for a period of 5 years term commencing from 10th August, 2006 till 9th August, 2011 on the terms and conditions as set out in the draft agreement to be executed with Mr. Ravindra Somani (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period), submitted to this meeting and initialed by the Chairman for identification with liberty to the Board of Directors, to alter, vary and modify the terms of said re-appointment / remuneration including salary, commission, allowances and perquisites in such manner as may be agreed to between Board of Directors and Mr. Ravindra Somani within and in accordance with and subject to the limits

prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or statutory modifications thereto and conditions, if any, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Mr. Ravindra Somani.

By Order of the Board of Directors

PRASHANT SOMANI

Mumbai : 7th August, 2006 **MANAGING DIRECTOR**

NOTES :

- A Member entitled to attend and vote at this Annual General Meeting (AGM) may 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 not less than FORTY EIGHT HOURS before the commencement of the meeting.
- Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for re-appointment at the Annual General Meeting, is appearing in the Report and Accounts.
- In accordance with the provisions of Section 205 (C) of the Companies Act, 1956, the Company has transferred unpaid / unclaimed dividend for the year ended 31.03.1996 to Investors Education and Protection Fund.
- Members are requested to bring the admission slips along with their copy of the Report and Accounts to the Meeting.
- Members who hold shares in dematerialized form are requested to bring their depository ID Number and Client ID Number for easier identification of attendance at the Annual General Meeting.
- Members holding shares in the dematerialized mode are requested to intimate all changes pertaining to their bank accounts, mandates, nominations, power of attorney, change of address / name etc. to their depository participant only and not to the Company's Registrar and Transfer Agent.
- Members holding shares in physical form are requested to intimate all changes pertaining to their bank accounts, mandates, nominations, power of attorney, change of address / name etc. to the Company's Registrar and Transfer Agent.
- The Register of Members and Share Transfer Register will remain closed from 26th September, 2006 to 28th September, 2006 (both days inclusive).
- Members seeking any further information about the Accounts and operations of the Company are requested to send their queries to the Company at the Registered Office, at least 7 days before the date of the Meeting.

**EXPLANATORY STATEMENT :****Pursuant to Section 173(2) of the Companies Act, 1956****Item No. 3**

At present pursuant to the Article 118 of the Articles of Association of the Company, the Common seal of the Company can be affixed on any instrument under the authority of the Board, and in the presence of any two directors of the Company and one authorized signatory. The Company has to incur a lot of amount on traveling and other expenses for execution of any document on which common seal is required to be fixed irrespective of the value of the assets / liabilities involved in with that instrument. This also involves wasting of valuable times of key persons and Directors of the Company.

Approval of the Shareholders sought for the purpose of authorising fixation of common seal in the presence of any one director or Company secretary or authorized signatory.

Accordingly, the Resolution is proposed for your approval. None of the Directors of the Company is concerned or interested in the said resolution.

Item No. 4

At present the Company is paying to the Non-Executive / Independent Directors, sitting fees of Rs. 2500 for attending each Board Meeting and Rs. 1500 for attending audit committee meeting. Presently no sitting fees is paid to members of the Share Holders Grievance Committee.

Clause 49 of the Listing Agreement with the Stock Exchange require that all the fees / compensation payable to Non-Executive Directors, including Independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders.

Approval of the Shareholders is sought for the payment of the above mentioned sum and to empower the Board of Directors to determine / vary from time to time the amount of sitting fees payable to Director, which is within the limits presently stipulated under the Companies Act, 1956 or rules framed there under. Approval of the Shareholders is sought for payment of such amount, other than sitting fees for attending Board and Committee Meetings, which does not result in any material pecuniary relationship with the Company as prescribed under the Listing Agreement.

The Directors recommend passing of the above referred resolution as an ordinary resolution. All the Directors of the Company, may be considered or deemed to be interested in the resolution.

Item No. 5

To part finance Capital Expenditure plan for installation of 10 Section Double Gob Machine, the Company has availed term loans aggregating Rs.500 Lacs from three bankers namely State Bank of Travancore, UCO Bank and the Andhra Bank.

The said loans are to be secured by way of first charges on paripassu basis on the immovable properties of the

Company, wherever situated which may be regarded as disposal of the Company's properties / undertaking.

In terms of section 293(1)(a) of the Companies Act, 1956, it is necessary to obtain approval of the Members of the Company by an ordinary resolution for creation of such mortgage / charge.

Accordingly, the Resolution is proposed for your approval. None of the Directors of the Company is concerned or interested in the said resolution.

ITEM NO. 6 & 7

The Board of Directors of the Company had appointed Mr. T.C. Thomas at its meeting held on 7th August, 2006 as an Additional Director, liable to retire by rotation, under section 260 of the Companies Act, 1956 read with Articles of Association of the Company. Mr. T.C. Thomas holds office only till the date of the forthcoming Annual General Meeting. A Notice has been received from a member as required under section 257 of the Companies Act, 1956 proposing Mr. T.C. Thomas as candidature for the office of the Director.

Mr. T.C. Thomas is a science graduate having vast experience of around 40 years. He is working as Vice President (Technical) in the Company. In view of the valuable experience of Mr. T.C. Thomas, it will be in the interest of the Company that he continues as a Director of the Company on the following terms and conditions:

1. Remuneration :

a) **Salary :** Rs. 38,000 – 3,800 – 45,600 p.m. In addition, bonus will be paid in accordance with the Company's Rules.

b) Perquisites :

- i) **Housing :** The Company shall provide Rent free residential accommodation at the residential quarters located in the factory premises of the Company.
- ii) **Medical Reimbursement :** Expenses incurred by for himself and his family, subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.
- iii) **Motor Car :** The Company shall reimburse the expenses of running and maintenance incurred by him on self owned motor car used for office purposes.
- iv) **Telephone** at residence for use on Company's Business.
- v) **Leave** with full salary, bonus and perquisites as applicable in accordance with the Company's Rules.
- vi) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.



EXCEL GLASSES LIMITED

vii) Gratuity not exceeding half month's salary for each completed year of service in accordance with the Company's Rules.

viii) Encashment of leave at the end of the tenure in accordance with the Company's Rules.

OTHER TERMS:

I. He shall be entitled for reimbursement of all or any expenditure actually and properly incurred for Company's business. He shall not be entitled to any sitting fee for attending meetings of the Board of Directors or Committees thereof.

II. Subject to the superintendence and control of the Board of Directors of the Company, he shall be responsible for the day to day management of the factory and shall carry out such duties as may be entrusted to him by the Board of Directors.

III. The appointment may be terminated by either party giving to other party one month's notice in writing.

None of the Director of the Company other than Mr. T.C. Thomas is concerned or interested in the aforesaid resolution.

Item No. 8

Mr. Prashant Somani was appointed as the Managing Director of the Company for a period of five year with effect from 10th August, 2001 by the Shareholders of the Company at the Annual General Meeting held on 29th September, 2001. His term as Managing Director will conclude on 9th August, 2006. During his tenure as Managing Director, he has played a big role in converting the Company from a very small player to become a regional player in the Industry. The Company has been able to achieve a complete turnaround in spite of unfavorable circumstances since 1994. Keeping in view, the Board of Directors at the Meeting held on 28th July, 2006, subject to approval of the Shareholders of the Company and / or Central Government, if required, re-appointed Mr. Prashant Somani as Managing Director of the Company for a further period of 5 years with effect from 10th August, 2006 to 9th August, 2011 on the terms and conditions including remuneration as stated below.

1. Remuneration :

c) **Salary** : Rs. 60,000 – 6,000 – 84,000 p.m. as may be decided by the Board of Directors. In addition, bonus will be paid in accordance with the Company's Rules.

d) **Commission** : The Commission shall be payable to Shri Prashant Somani at the discretion of the Board of Directors as determined by them from year to year but not exceeding 1% of the net profit of the Company

e) Perquisites :

i) **Housing**: Rent free residential accommodation will be provided by the Company subject to expenditure incurred by Company an amount equivalent to 60% his salary.

In case the accommodation is owned by the Company, ten percent of his salary shall be deducted by the Company.

In case no accommodation is provided by the Company, he shall be entitled for house rent allowance an amount equivalent to 60% of his salary.

ii) **Medical Reimbursement** : Expenses incurred by for himself and his family, subject to a ceiling of one month's salary in a year or 3 month's salary over a period of 3 years.

iii) **Club Fees** : Subject to a maximum of two clubs. This will not include admission and life membership fees.

iv) **Personal Accident Insurance** : Premium not to exceed Rs.4,000 / - per annum.

v) **Motor Car** : The Company shall provide a car with expenses of driver and all running and maintenance expenses.

vi) **Telephone** at residence for use on Company's Business.

vii) **Leave** with full salary, bonus, commission and perquisites as applicable in accordance with the Company's Rules.

viii) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ix) **Gratuity** not exceeding half month's salary for each completed year of service in accordance with the Company's Rules. Past service of Shri Prashant Somani shall be taken into consideration for the purpose of calculating gratuity.

x) **Encashment of leave** at the end of the tenure in accordance with the Company's Rules.

OTHER TERMS:

I. He shall be entitled to one month's privilege leave on full pay for every eleven month's service.

II. He shall be entitled for reimbursement of all or any expenditure actually and properly incurred for Company's business. He shall not be entitled to any sitting fee for attending meetings of the Board of Directors or Committees thereof.



- III. Subject to the superintendence and control of the Board of Directors of the Company, he shall be responsible for the day to day management of the Company and shall carry out such duties as may be entrusted to him by the Board of Directors.
- IV. The appointment may be terminated by either party giving to other party one month's notice in writing.
- V. Compensation of loss of office in case of any termination before 9th August, 2011 would be payable to him as per the provisions of the Companies Act, 1956.

Item No. 9

Mr. Ravindra Somani was appointed as the Executive Director of the Company for a period of five year with effect from 10th August, 2001 by the Shareholders of the Company at the Annual General Meeting held on 29th September, 2001. His term as Executive Director will conclude on 9th August, 2006. The Board of Directors at the Meeting held on 28th July, 2006, subject to approval of the Shareholders of the Company and / or Central Government, if required, re-appointed Mr. Ravindra Somani as Executive Director of the Company for a further period of 5 years with effect from 10th August, 2006 to 9th August, 2011 on the terms and conditions including remuneration as stated below.

REMUNERATION OF SHRI RAVINDRA SOMANI

1. Remuneration :

- a) **Salary** : Rs. 54,000 – 5400 – 75600 p.m. as may be decided by the Board of Directors. In addition, bonus will be paid in accordance with the Company's Rules.
- b) **Commission** : The Commission shall be payable to Shri Ravindra Somani at the discretion of the Board of Directors as determined by them from year to year but not exceeding 1% of the net profit of the Company
- c) **Perquisites** :
 - i) **Housing** : Rent free residential accommodation will be provided by the Company subject to expenditure incurred by Company an amount equivalent to 60% his salary.

In case the accommodation is owned by the Company, ten percent of his salary shall be deducted by the Company.

In case no accommodation is provided by the Company, he shall be entitled for house rent allowance an amount equivalent to 60% of his salary.
 - ii) **Medical Reimbursement** : Expenses incurred for himself and his family, subject to a ceiling

of one month's salary in a year or 3 month's salary over a period of 3 years.

- iii) **Club Fees** : Subject to a maximum of two clubs. This will not include admission and life membership fees.
- iv) **Personal Accident Insurance** : Premium not to exceed Rs.4,000 / - per annum.
- v) **Motor Car** : The Company shall provide a car with expenses of driver and all running and maintenance expenses.
- vi) **Telephone** at residence for use on Company's Business.
- vii) **Leave** with full salary, bonus, commission and perquisites as applicable in accordance with the Company's Rules.
- viii) **Contribution to Provident Fund, Superannuation Fund or Annuity Fund** will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ix) **Gratuity** not exceeding half month's salary for each completed year of service in accordance with the Company's Rules. Past service of Shri Ravindra Somani shall be taken into consideration for the purpose of calculating gratuity.
- x) **Encashment of leave** at the end of the tenure in accordance with the Company's Rules.

OTHER TERMS:

- I. He shall be entitled to one month's privilege leave on full pay for every eleven month's service.
- II. He shall be entitled for reimbursement of all or any expenditure actually and properly incurred for Company's business. He shall not be entitled to any sitting fee for attending meetings of the Board of Directors or Committees thereof.
- III. Subject to the superintendence and control of the Board of Directors of the Company, he shall be responsible for the day to day management of the Company and shall carry out such duties as may be entrusted to him by the Board of Directors.
- IV. The appointment may be terminated by either party giving to other party one month's notice in writing.
- V. Compensation of loss of office in case of any termination before 9th August, 2011 would be payable to him as per the provisions of the Companies Act, 1956.



EXCEL GLASSES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 35th Annual Report of your Company, together with the Audited Accounts of the Company for the financial year ended 31st March, 2006.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

| | Year ended 31st March, 2006 | Year ended 31st March, 2005 |
|--------------------------|-----------------------------------|-----------------------------------|
| Gross Revenue | 7751 | 7912 |
| Net Sales & Other Income | 6686 | 6572 |
| Operation Profit (PBITD) | 657 | 654 |
| Interest | 299 | 273 |
| Depreciation | 211 | 215 |
| Provision for Taxation | 6 | — |
| Profit after Taxation | 141 | 166 |

OPERATIONS

Your Company's net revenue grew by 1.7% from Rs.6572 Lacs to Rs.6686 Lacs during the year under review. The Company's performance was severely impacted by increased used of second hand glass bottles by liquor industry and poor lifting of bottles by soft drink industry. High crude oil prices resulted in increased fuel costs and thereby affecting the margins. To meet the competition, investment in upgradation of machineries and technologies are being significantly stepped up.

FINANCE & CAPITAL EXPENDITURE

The equity share capital of the Company stood at Rs.1409 Lacs showing an increase of Rs.62 Lacs during the last year. The Company has issued 6,24,195 nos. equity shares fully paid up of Rs.10 each during the year to IFCI Limited.

The preference share capital of the Company stood at Rs.952 Lacs and remained unchanged from the previous year.

Secured Loans stood at Rs.2362 Lacs as compared with Rs.2597 Lacs in 2004-05 showing a decrease of Rs.235 Lacs. Unsecured loans consists of deferred sales tax, loans from Promoters and other advances. Total unsecured loans increased to Rs.860 Lacs in 2005-06 from Rs.430 Lacs in 2004-05.

The working capital was under continuing pressure due to inadequate support from the bankers of the Company. The additions in fixed assets of Rs. 306 Lacs were mainly in the Plant, Machinery.

Interest cost increased from Rs.273 Lacs in 2004-05 to Rs.299 Lacs in 2005-06 reflecting an increased rate of interest by long term lenders due to stepping up rates sanctioned by them and higher interest outgo on the temporary finance availed to meet the working capital requirements.

CAPITAL EXPENDITURE PROGRAM

The Company had installed all its existing glass bottle forming machineries during the period 1993-95. To achieve better operational efficiency and improve productivity, it has become necessary for the Company to upgrade its facilities / make suitable changes in the production lines in line with the changed technologies and advancements. Accordingly, the Company has undertaken a capital expenditure program of Rs.1200 Lacs which involves installation of one nos. 10 section double gob Glass Bottle Forming Machine, new forhearth, lehr and other necessary equipments.

DIVIDEND

The profits available are required to be conserved for future capital expenditures. As such, your Directors express their inability

to recommend payment of any dividend for the financial year ended on 31st March, 2006.

AUDITOR'S REPORT

The Auditor's Report, the respective notes to the accounts are self-explanatory and therefore, do not call for any comments.

FIXED DEPOSITS

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

POWER TARIFF CONCESSION :

In the Report & Accounts of the last few years, your Directors have mentioned that the power consumption by the newly built glass plant of the Company installed in October,1995 was eligible for concessional tariff under the Industrial Promotion Incentive Scheme declared by the Government of Kerala (Notification dated 6th February,1992 and subsequent amendment thereof). The Director of Industries and Commerce certified the Company's eligibility on April 9, 1997 for a period of 5 years from October,1995 but the Kerala State Electricity Board ('KSEB') granted exemption only on partial consumption of power. We, therefore, filed writ petition before the Hon. High Court of Kerala in 1999.

The KSEB ,further, extended the concessional power period by another 214 days (i.e. upto 3rd May, 2001) due to power cut in excess of 50% or more during the initial concession period of 5 years. Your Company had been advised that for period of power cut less than 50 % during the initial concession period, also, it should be eligible for extension of concessional power. Accordingly, provision for power charges in the accounts till 2002 were made on the basis of concessional power tariff.

Subsequently, the KSEB raised a demand of Rs.443 Lacs (inclusive of interest of Rs.35 Lacs) vide their demand notice dated 31st August, 2002 based on the assumption that the Company was eligible for full concessional tariff only upto 3rd May, 2001.The KSEB has further raised a demand of Rs.115 Lacs towards interest on delay in payment of the dues of Rs.443 Lacs. Pending disposal of our original petition and to avoid the disconnection, the Company has paid entire sum of Rs.558 Lacs against the above referred demands under protest.

Since your Company is contesting the above referred cases and contending that it was eligible for concessional power tariff, it does not accept any further liability in this behalf. Your attention is also drawn to the Note No. 10 in the Schedule "14" to accounts.

DIRECTORS

Retirement & Nomination withdrawals:

Dr. V.P. Shah was nominated by ICICI Bank Ltd as a Director of the Company since 27.06.1995. Due to withdrawal of his nomination, he has resigned from the Board w.e.f. 25.03.2006.

Mr. S.V. Satyanarayana was nominated by IDBI Ltd as a Director of the Company since March 7, 2005. Due to withdrawal of his nomination, he has resigned from the Board w.e.f. October 26, 2005.

Mr. Bimal Kumar Agarwal was nominated by IDBI Ltd as a Director of the Company since October 26, 2005. Due to withdrawal of his nomination, he has resigned from the Board w.e.f. June 12, 2006.

Shri S.J.Parekh, Shri Surendra Somani and Shri Susheel Somani, Directors of your Company resigned from office pursuant to restructuring / reorganization of internal arrangement in the Parijat Group.

The Board of Directors placed on record its warm appreciation of the valuable services and guidance rendered by aforesaid Directors during their tenure.



Re-appointments

The tenure of Mr. Prashant Somani as Managing Director and Mr. Ravindra Somani as Executive Director of the Company will expire on 9th August, 2006. The Board of Directors at its meeting held on 31 July, 2006, has re-appointed Mr. Prashant Somani as Managing Director and Mr. Ravindra Somani as Executive Director of the Company for a further period of 5 years i.e. upto 9th August, 2011 subject to the approval of the members of the Company.

Mr. T.C.Thomas was appointed as additional Director of the Company by the Board of Directors at its meeting held on 7th August, 2006.

Brief resume of Directors to be re-appointed, nature of their expertise in specific functional areas and name of Companies in which they hold directorship and the membership / chairmanship of committees, as stipulated under Clause 49 of the listing agreement with the Stock Exchange are given alongwith the section on Corporate Governance in the Annual Report.

Nomination:

ICICI Bank Ltd has appointed Mr. R.C.Arora as a nominee Director and his appointment was effective from 25.03.2006.

AUDITORS

M/s. Joseph and Nampiathiri, Chartered Accountants, statutory auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made would be in accordance with section 224(1B) of the Companies Act, 1956. The Board recommend their appointment.

CORPORATE GOVERNANCE :

A separate report on the practices followed by the Company on Corporate Governance alongwith Auditor's certificate on its compliance is annexed and forms part of this report.

RESPONSIBILITY STATEMENT

The Directors confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- the Company had selected such accounting policies and applied them consistently and made judgements and

estimates 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 the financial year and of the profit or loss of the Company for that period;

- the Company had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- the Company had prepared the annual accounts on a going concern basis.

PERSONNEL

Relations between the management and workers remained cordial during the year under review. The Company also continued with its endeavor to train, develop and retain its human assets through various training and development program initiated for the purpose.

The Company did not employ during the year under review any employee whose particulars are required to be furnished under section 217(2A) of the Companies Act, 1956.

DEPOSITORY SYSTEM

As the members are aware, your Company's Equity shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depository Limited and Central Depository Services (India) Limited through share transfer registrar. In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialisation of the Company's Equity shares.

APPRECIATION

The Board places on record its sincere gratitude to the Company's valued Customers, Suppliers, Financial Institutions, Banks and the Shareholders for their continued support, confidence and faith in the Company.

The Board wishes to place on record its appreciation of the total commitment, dedication, wholehearted efforts and impressive contribution made by the employees at all levels during the year.

On behalf of the Board

PRASHANT SOMANI
MANAGING DIRECTOR

Mumbai: 7th August, 2006