



# GLORY POLYFILMS LIMITED



10th Annual Report 2006-07



## 10th Annual Report 2006-2007

### BOARD OF DIRECTORS

<b>Chairman</b>	Prakash N. Kela
<b>Managing Director</b>	Yogesh P. Kela
<b>Executive Director</b>	Umesh P. Kela
<b>Directors</b>	Kishor N. Kela
	Deviprasad K. Taparia
	Navin C. Chokshi
	Ramakant B. Jhunjunwala
	Vilas R. Shah

### COMPANY SECRETARY

Nitesh Jain

### BANKERS

State Bank of India  
Indian Overseas Bank

### AUDITORS

B.S. Pandit  
Chartered Accountant, Nashik

### INTERNAL AUDITORS

M/s. Mittal & Associates  
Chartered Accountants, Mumbai

### REGISTERED OFFICE

201 Vintage Pearl, A Wing, 29th Road,  
Bandra (W), Mumbai - 400 050  
Tel: +91-22-2651 4811, Fax: +91-22-2651 4812  
www.glorypolyfilms.com

### REGISTRAR AND SHARE TRANSFER AGENT

M/s. Bigshare Services Pvt. Ltd.  
E/2, Ansa Industrial Estate, Saki Vihar Road,  
Saki Naka, Andheri (E), Mumbai 400 072  
Tel: +91-22-2847 0652, Fax: +91-22-2847 5207

### WORKS

51/4-A, 51/4-B, 51/4-C, 51/4-D, 54/1-A, 54/1-C,  
54/2-A, 54/2-E, 54/2-F, 54/2-H, 54/3-D & 54/6-A  
Daman Industrial Estate, Village Kadiya,  
Daman (U.T)  
Tel: +91-260-222 0304 Fax: +91-260-222 0305

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## NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the members of Glory Polyfilms Limited will be held on Saturday, the 29th September, 2007 at the Scarlet Hall, Hotel Shubhangan, 21st Road, Khar Danda, Khar (West), Mumbai - 400 052 at 12.00 Noon to transact the following business:

As Ordinary Business:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2007 and the profit & loss account for the year ended 31st March, 2007 and the Reports of the Directors and Auditors thereon.
- 2) To appoint a Director in the place of CA. Navin C. Chokshi, who retires by rotation and being eligible, offers him-self for re-appointment.
- 3) To appoint a Director in the place of Mr. Vilas R. Shah, who retires by rotation and being eligible, offers him-self for re-appointment.
- 4) To appoint M/s. Mittal & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company in place of Mr. B. S. Pandit, Chartered Accountant, Nashik, who have intimated his inability for re-appointment and authorize the Board of Directors to fix their remuneration.

As Special Business:

- 5) To consider and if thought fit, to pass the following resolution with or without modification(s), as an ordinary resolution:

"RESOLVED THAT in supersession of all earlier resolutions to the effect, consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) to the creation by the Board of Directors of such mortgages, charges and hypothecations, created / to be created by the Company in such form and manner as the Board of Directors may direct on such of the Company's movable and immovable properties, both present and future, and in such manner as the Board may direct of the Company in certain events in favour of Lender(s) / Agents(s) / Trustee(s) / Financial Institutions / Bank(s) and other investing agencies to secure Rupee / Foreign currency loans, bonds, securities (Comprising fully/partly Convertible Debentures with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds) or other debt instruments of an equivalent aggregate value not exceeding Rs. 200 Crores (Rupees Two Hundred Crores Only) together with interest thereon at the respective agreed rates, compounded rates, additional interest, liquidated damages, commitment charges, remuneration of Agent(s), Trustee(s), premia on pre payment or on redemption, costs, charges, expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company to the Lender(s) / Agent(s) / Trustee(s) / Financial Institutions / Banks / other investing agencies under the arrangements entered into/to be entered by the Company in respect of the said loans, bonds, securities or other instruments."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalize the terms and conditions of the above mentioned loans, bonds, securities, instruments and documents for creating the aforesaid mortgages, charges and hypothecations and to do all such acts and things and execute such documents or writings as may be necessary for giving effect to the above resolution."

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

"RESOLVED THAT in supersession of all earlier resolutions to the effect, consent of the Company be and is hereby accorded to the Board of Directors of the Company in the terms of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, to borrow money, from time to time, at its discretion either from the Company's existing Bank(s) or any other Bank(s), financial institution(s) or any other lending institution or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs.200.00 Crores (Rupees Two Hundred Crores Only) notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital and its free reserves not set for any specific purpose."

For and on behalf of the Board of Directors

Place: Mumbai

Date: 27th August, 2007

**Prakash N. Kela**  
Chairman

## GLORY POLYFILMS LIMITED

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. *In order to be effective Proxies, duly stamped and executed, must reach the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting. A Proxy form is enclosed for this purpose.*
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed herewith.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 24th September, 2007 to 29th September, 2007 (Both days inclusive) for the purpose of Annual General Meeting.
5. Information under the Listing Agreement of the Directors proposed to be re-appointed forms part of this Notice, which is annexed herewith.
6. The Members are requested to lodge/notify the transfer deed, communication for change of address, Bank details, ECS details, wherever applicable, mandates (if any), for shares held in physical Mode with M/s. Bigshare Services Limited, the Registrar and Share Transfer Agents of the Company, having their office at E/2, Ansa Industrial Estate, Saki Vihar Road, Naka, Andheri (E), Mumbai 400 072.
7. "All the Investor queries/complaints/grievances may be addressed to admin@glorypolyfilms.com".
8. Documents mentioned in the Notice are available for inspection by eligible members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. during Monday to Friday till the date of the Annual General Meeting.

**EXPLANATORY STATEMENT (PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956)****Item No. 5 & 6**

Section 293(1) (d) of the Companies Act, 1956, stipulates that Board of Directors of the Company cannot, except with the consent of the members in the General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the Company, i.e. to say, reserves not set apart for any specific purpose. The shareholders at the Annual General Meeting of the Company held on 10th December 2005, had accorded their consent to the Board of Directors for borrowing up to Rs. 100 crores (Rupees One Hundred Crores Only).

Taking into consideration the requirements of the additional funds to meet the cost of Company's expansion project, it is expected that the limit of Rs. 100 crores sanctioned by the shareholders is likely to be exceeded.

The consent of the shareholders is therefore sought in accordance with the provisions of Section 293 (1) (d) of the Act to enable the directors to borrow the moneys to the extent of Rs. 200 Crores (Rupees Two Hundred Crores Only). The resolution under item no. 6 to obtain the consent of the shareholders for this purpose.

The proposed borrowings of the Company may, if necessary, be secured by way of Charge/Mortgage/Hypothecation on the Company's assets in favour of the lenders. As the documents to be executed between the proposed lenders, it is necessary to pass a resolution under Section 293(1) (a) of the Act, for creation of Charge/Mortgage/Hypothecation for an amount not exceeding the borrowing limit of Rs. 200 crores (Rupees Two Hundred Crores only).

The proposed offers are in the interest of the Company and your directors recommend the resolutions at item no. 5 & 6 of the accompanying Notice for acceptance of the members.

None of the Directors of the Company are concerned or interested in the resolutions set out at the aforesaid items of the Notice.

Your Directors recommend passing of the resolutions set out in the Notice.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 27th August, 2007

**Prakash N. Kela**  
Chairman



## **ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:**

CA. NAVIN C. CHOKSHI

CA. Navin C. Choksi is aged around 53 years and has been appointed as the Non-Executive and Independent Director of the Company on 02.12.2005. He is a Member of the Institute of Chartered Accountants of India. He is also the Chairman of the Audit Committee of the Company. In view of his experience, the Board of Directors considers that the continuance of CA. Navin C. Chokshi on the Board of the Company will be beneficial to the Company and recommend the resolution for your approval. Additionally CA. Navin C. Chokshi is the member of Remuneration Committees of the Company.

Other Directorship:

1. Hilton Metal Forgings Limited.
2. Gloria Technocost Enterprises Limited.

Shareholding:

CA. Navin C. Chokshi does not hold any shares as on 31st March, 2007.

Mr. VILAS R. SHAH

Mr. Vilas Shah is aged around 49 years of age and has been appointed as the Non-Executive and Independent Director of the Company on 02.12.2005. He is a well-reputed Builder & Land Developer in Nashik. In view of his experience, the Board of Directors considers that the continuance of Mr. Vilas R. Shah on the Board of the Company will be beneficial to the Company and recommend the resolution for your approval. Additionally Mr. Vilas R. Shah is the Chairman of Shareholder Grievance Committees of the Company.

Other Directorship:

1. Viraj Estates Pvt. Ltd.
2. Vilas Farmhouse Pvt. Ltd.
3. Rajvi Housing Pvt. Ltd.
4. Rajvi Reality Pvt. Ltd.
5. Viraj Landmark Pvt. Ltd.

Shareholding:

Mr. Vilas R. Shah does not hold any shares as on 31st March, 2007.

## GLORY POLYFILMS LIMITED



## DIRECTORS' REPORT

Your Directors take pleasure to present their Tenth Annual Report along with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2007.

Financial Results	(Rs. in Lac)	
Particulars	31 <sup>st</sup> March, 2007	31 <sup>st</sup> March, 2006
Total Income	4075.07	3910.04
Total Expenditure	3489.82	3103.08
Profit before Interest, Depreciation & Tax (PBDIT)	585.25	806.96
Depreciation	130.93	177.31
Interest & Financial Charges	245.61	209.75
Profit Before Tax (PBT)	208.70	419.9
Provision for Taxation	(146.60)	153.30
Profit after Tax (PAT)	355.30	266.60

## Operation and Business Performance

During the year under review, the Company achieved total income of Rs.4,075.07 lacs, showing growth of 4.22% compared to the previous year. The Profit after Tax increased to Rs. 355.30 Lacs, compare to Rs. 266.60 Lacs in 2005-06. The increasing demand for Plastic Film in the Domestic market has been the key reason for the increased sales.

## Dividend

In order to retain liquidity, your Directors do not recommend payment of any dividend during the year.

## Listing of Shares

Company had raised Rs.3,945.60 Lacs by its maiden public issue of 82,20,000 Equity Shares of Rs.10/- each at a premium of Rs.38/- per Equity Share and the Shares of the Company are listed w.e.f. 18<sup>th</sup> of June, 2007 on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange Limited (NSE).

## Project Expansion

In order to have various ranges of product and to cater the requirement of overseas buyers and also to have better technology with higher efficient machineries, the Company has revised its expansion project to approximately Rs.8,000 Lacs as against earlier estimated cost, as disclosed in the Prospectus, of Rs.3,625 lacs. The details of project cost are as under:

## BREAK UP OF PROJECT COST

Particulars	Revised Estimates (Rs. in Lacs)	Initial Estimates (Rs. in Lacs)
Building & Civil Works	787.00	175.00
Plant & Machinery	5535.00	2,358.68
Printing Cylinders	343.16	443.16
Working Capital Margin	452.17	452.17
Contingencies	200.00	195.99
Electrical & Utilities	200.00	-
General corporate purpose	300.00	-
<b>Total Project Cost</b>	<b>7817.33</b>	<b>3625.00</b>



To finance the additional cost of project, Company has approached the Financial Institution(s) and Bank(s) and the same is in active consideration.

Consequently the commercial production from new machine(s) will commenced from April, 2008 as against estimated January 2008.

### **Fixed Deposits**

The Company has not accepted any Deposit from the public, within the meaning of Section 58A of the Companies Act, 1956, and the Companies (Acceptance of Deposits) Rules, 1975.

### **Particulars of Employees**

None of the employees fall under the purview of the provision of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.

### **Auditors**

M/s. B. S. Pandit, Chartered Accountant, Nashik, the Statutory Auditor of the Company, retire at the conclusion of the ensuing Annual General Meeting and have expressed his inability for re-appointment. The Company has received a special notice pursuant section 225 (1) of the Companies Act, 1956, from a member proposing the appointment of M/s. Mittal & Associates, Chartered Accountants, Mumbai as the statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. The Board on the recommendation of Audit Committee of the Board, proposes to appoint M/s. Mittal & Associates, Chartered Accountants, Mumbai as the statutory auditors of the Company for the financial year 2007-08.

M/s. Mittal & Associates, Chartered Accountants, Mumbai have confirmed that the appointment, if made, will be within accordance with the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

### **Directors**

CA. Navin Chokshi and Mr. Vilas R. Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. The Board recommends the re-appointment of CA. Navin Chokshi and Mr. Vilas R. Shah, who have offered themselves for re-appointment. In accordance with stipulation under Clause 49 of the Listing Agreement, brief resume of CA. Navin Chokshi and Mr. Vilas R. Shah, together with their nature of expertise in specific functional area and name of the Company in which they hold office of a Director / or the Chairman / Membership of Committees of the Board, is given in the notice of the Annual General Meeting.

### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors state:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed, with explanation for deviation, if any;
- (ii) that the Directors have 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 ended 31<sup>st</sup> March, 2007 and of the Profit of the Company for that financial year.
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

### **Management Discussion and Analysis (MDA)**

MDA covering details of operations, markets, opportunities and threats, etc. for the year under review is given as a separate statement, which forms part of this Annual Report.

### **Corporate Governance**

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges a Corporate Governance Report is made part of this Annual Report.

**GLORY POLYFILMS LIMITED**

A certificate from the Statutory Auditors of the Company regarding compliance of the conditions stipulated for Corporate Governance under Clause 49 of the Listing Agreement is attached to the Corporate Governance Report.

The declaration by the Managing Director addressed to the Members of the Company pursuant to Clause 49 of the Listing Agreement regarding adherence of the Code of Conduct by the Members of the Board and by the Senior Management Personnel of the Company is also attached to the Corporate Governance Report.

#### **Conservation of Energy & Technology Absorption, Foreign Exchange Earning and Outgo**

In terms of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the particulars of conservation of energy technology absorption, foreign exchange earning and outgo are set out as an annexure to this report.

#### **Acknowledgement**

Your Directors wish to place on record their deep sense of appreciation of the contribution made by the employees at all levels, enabling the Company to achieve good performance during the year under review.

Your Directors also take this opportunity to place on record the valuable co-operation and continued support extended by Company's Bankers, Business Associates and Investors.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 27th August, 2007

**Prakash N. Kela**

*Chairman*







## ANNEXURE TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY

The Company regularly reviews all aspects of generation and usage by close monitoring of energy generating centers and consuming points. No additional investment and proposals have been implemented for reduction of consumption of energy. Impact of measures as above for reduction of consumption of energy and consequent impact on the cost of production of goods:

As a result of the measures taken on above, the Company has able to contain its power consumption. Further this has also generated awareness of energy saving in technical and production staff.

#### FORM A

Power and Fuel Consumption	Year ended 31.03.2007	Year ended 31.03.06
Electricity –		
Total Units	2307695	2119500
Amount (Rs. In lacs)	61.69	55.43
Rate Per Unit (Rs.)	2.67	2.62
Consumption per unit of Production (in unit/kg.)	0.66	0.67
Own Generation – (Through Diesel Generator)		
Total Units (in liters)	32060	94586
Amount (Rs. In lacs)	5.22	15.20
Rate Per Unit (Rs.)	16.28	16.07

#### FORM B

### TECHNOLOGY ABSORPTION, ADOPTION ETC.

During the year Company has neither imported any technology nor has incurred any expenditure on research and Development. The Company continues to rely upon its in-house capabilities and set up a team comprising senior technocrat for analysis and evaluation of new product also installed & commissioned fully automatic high speed rotogravure printing machine to get high quality printed laminates.

### FOREIGN EXCHANGE EARNING AND OUTGO

Foreign Exchange Earned : Rs. Nil

Foreign Exchange used : Rs. 8,80,26,455

The Company participated International Exhibition and exploring the possibilities of potential clients especially in overseas market. The Directors are optimistic with respect to achieving international standards of the various products of the Company.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 27th August, 2007

**Prakash N. Kela**  
Chairman

## GLORY POLYFILMS LIMITED



## CORPORATE GOVERNANCE REPORT

**Company's Philosophy on Corporate Governance Code**

Glory Polyfilms Limited believes in continuous good corporate governance and always attempts to improve performance at all levels by adhering to corporate governance practices.

We have, therefore, designs our systems and action plans to enhance performance and stakeholder value in the long run. We take pleasure in reporting that your Company has complied in all respects with the features of corporate governance specified in Clause 49 of the Listing Agreement.

**Board of Directors - Composition of Board of Directors**

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of the Corporate Governance. The Board is headed by the Executive Chairman, Mr. Prakash N. Kela, who is also the promoter Director. As on 31<sup>st</sup> March, 2007, your Company's Board comprises eight Directors; which includes three Executive Directors and Five Non-Executive Directors, who have considerable experience in their respective fields. Except Mr. Kishor N. Kela, all other Non-Executive Directors are independent Directors. Board represents a balanced mix of professionals, knowledge and expertise.

Necessary disclosure have been made by the Directors stating that they do not hold any membership in more than 10 committees or Chairman of more than 5 committees in terms of Clause 49 of the Listing Agreement(s).

The following table gives the attendance of Directors at the Board meetings of the Company and also the other Directorship and Chairmanship/Membership in Board Committees of public limited companies other than the Company.

Name of Directors	Category & Position	Board Meeting held during the year	No. of Board Meeting attended	Whether attended last AGM	Member (Chairman)# of other Board Committees@	No. of Other Directorship held
Mr. Prakash N. Kela*	Chairman	7	7	Yes	-	-
Mr. Yogesh P. Kela*	Managing Director	7	7	Yes	-	-
Mr. Umesh P. Kela*	Executive Director	7	7	Yes	-	-
Mr. Kishor N. Kela**	Non-Executive Director	7	6	Yes	-	-
Mr. Navin C. Chokshi	Non-Executive and Independent Director	7	5	Yes	-	2
Mr. Deviprasad Taparia	Non-Executive and Independent Director	7	3	-	-	4
Mr. Ramakant Jhunjhunwala	Non-Executive and Independent Director	7	3	Yes	-	-
Mr. Vilas R. Shah	Non-Executive and Independent Director	7	3	-	-	-

\* Promoter Director

\*\* Brother of Mr. Prakash N. Kela

# Figures in ( ) indicates the number of Board Committees of which Chairman

@ Includes - Audit Committee, Shareholder Grievances Committee and Remuneration Committee

None of the Directors are disqualified under section 274(1)(g) of the Companies Act, 1956, read with (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003.