



Glory Films Limited

**16th Annual Report
2012-13**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Yogesh P. Kela
Mr. Umesh P. Kela
Mr. Muralidharan Iyengar
Mr. Rakesh Srivastava

Chairman and Managing Director
Executive Director
Independent Director
Independent Director

BANKERS

State Bank of India
Indian Overseas Bank
Central Bank of India
Dena Bank
HSBC Bank

AUDITORS

M/s. Mittal & Associates
Chartered Accountants, Mumbai

INTERNAL AUDITORS

M/s. ADV & 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
E-mail: investor@gloryfilms.in
Website: www.gloryfilms.in

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

Survey No. 261/1/2/4, Industrial Estate, Coastal Highway,
Village Dunetha, Nani Daman, Daman (U.T).
Tel: +91-260-3984800

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NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Glory Films Limited will be held on **Monday, the 30th September, 2013** at Scarlet Hall, Hotel Shubhangan, 21st Road, Khar Danda, Khar (West), Mumbai - 400 052 at 10.00 A.M. to transact the following business:

As Ordinary Business:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and statement of Profit and Loss for the year ended on that date including notes to financial statements and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in the place of Mr. Muralidharan Iyengar, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To re-appoint the Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass the following resolution, as an Ordinary Resolution :

“RESOLVED THAT M/s. Mittal & Associates, Chartered Accountants (Firm Regn. No.: 106456W), Mumbai, be and are hereby re-appointed 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 on such remuneration as may be determined by the Board of Directors in consultation with the Statutory Auditors of the Company.”

As Special Business:

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

“RESOLVED THAT Mr. Rakesh Srivastava, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 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.”

For and on behalf of the Board of Directors

Place: Mumbai
Date: 12th August, 2013

Yogesh P. Kela
Chairman and Managing Director



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
4. The Explanatory Statement pursuant Section 173 (2) of the Companies Act, 1956, for item No. 4 is attached and forms part of this notice.
5. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
6. Brief resume of Directors proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships (excluding Directorships in Private Limited Companies, Section 25 Companies and Foreign Companies) and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the "Annexure A" to the Notice.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The Register of Members and Share Transfer Books will remain closed from September 26, 2013 to September 30, 2013 (both days inclusive).
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Bigshare Services Private Limited, E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072, India, for consolidation into a single folio.
10. With respect to shares lying in the suspense Account in terms of Clause 5A(I) of the Listing Agreement, the following are the details:

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares
1.	Aggregate No. of Shareholders & Shares pending as on 01.04.2012	01	1000
2.	No. of Shareholders who approached for transfer of shares from suspense account during the year	Nil	Nil
3.	No. of Shareholders and Shares transferred from suspense account during the year.	Nil	Nil
4.	No. of Shareholders and Shares outstanding at the end of year. (31.03.2013)	01	1000

11. **Members/Proxy holders are requested to bring their copies of the Annual Report with them to the Annual General Meeting.**
12. Members are requested to send to the Company their queries, if any, on accounts and operations of the Company at least 10 days before the meeting to enable the Company to provide the required information.
13. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 01.00 p.m. up to the date of the Meeting.
14. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, M/s. Bigshare Services Private Limited Email: glory@bigshareonline.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 4:

Mr. Rakesh Srivastava was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 09th February, 2013 and holds office up to the date of this Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. Rakesh Srivastava for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

In terms of Clause 49 of Listing Agreement the required details of Mr. Rakesh Srivastava is provided below in "Annexure A".

Your Directors recommend the Ordinary Resolution as set out in item no. 4 of the notice for your approval.

None of the Directors of the Company except Mr. Rakesh Srivastava is in anyway, concerned or interested in the said resolution.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 12th August, 2013

Yogesh P. Kela
Chairman and Managing Director

Annexure A

Additional information on Directors recommended for Appointment or seeking Re-appointment at the Annual General Meeting, as per Clause 49 of the Listing Agreement:

PARTICULARS	Mr. Muralidharan Iyengar	Mr. Rakesh Srivastava
Date of Birth	21.11.1960	05.01.1965
Date of appointment	30.05.2012	09.02.2013
Qualification & Experience in specific functional area	Mr. M. K. Muralidharan is a Fellow Member of the Institute of Chartered Accountants of India and has been in independent professional practice in the name and style of M/s. Muralidharan Iyengar & Co, Chartered Accountants, for more than 2 decades now. Their areas of experience include Audit, Taxation, Assurance, Due Diligence and Risk Assessment Studies, etc.	Mr. Rakesh Srivastava is a Fellow Member of the Institute of Chartered Accountants of India and has been in independent professional practice for more than 2 decades now. His areas of experience include Audit, Taxation, Indirect Taxes Assurance, Due Diligence and Risk Assessment Studies, etc.
Directorships held in other Public Companies	Nil	Nil
Memberships/ Chairmanships of committee in other Public companies	Nil	Nil
Shareholding, if any, in the Company (31.03.2013)	Nil	Nil



DIRECTORS' REPORT

To
The Shareholders,
GLORY FILMS LIMITED

Your Directors are pleased to present the 16th Annual Report and the Audited Statements of Accounts for the year ended 31st March, 2013, and the Auditors' Report thereon.

Financial Results

Financial results of the Company for the year under review along with the figures for previous year are as follows:

(₹ in Lacs)		
Particulars	2012-2013	2011-2012
Total Income	7,723.24	13,175.72
Total Expenditure	7,869.58	11,605.65
Profit / (Loss) before Interest, Depreciation & Tax	(146.34)	1,570.07
Depreciation	1,431.62	1,432.19
Interest & Financial Charges	651.53	2,134.40
Loss Before Tax	(2,229.49)	(19,96.52)
Less: Provision for Taxation : Deferred Tax Asset / (Liability)	(318.32)	21.96
Loss After Tax	(2,547.81)	(1,974.56)

During the year under review, your Company has recorded a total income of ₹ 7,723.24 lacs (previous year ₹13,175.72 lacs), representing a decrease of approximately 41.38%. Your Company incurred a Loss before tax of ₹ 2,229.49 lacs (previous year Profit Before Tax ₹ 1,996.52 lacs). The Loss for the year was on account of increase in raw material prices, which largely depends on the movement of crude oil prices. Your Directors are optimistic of a turnaround in the coming years, due to the rise in demand for the plastic packaging products in India and abroad.

Dividend

Your Directors have not recommended payment of any dividend, on account of the loss incurred for the year under review.

Manpower Development Process

The Company's Human Resource Division has finalized an organization structure that supports the vision and strategy of the Company. The organization structure is divided into five bands: Strategic, Operational, Manager, Executive and Support, which have been further divided into various levels. All Glory employees are assigned a level under a particular band depending upon their role, impact and criticality of job and the contribution to the Company's strategy.

Particulars of Employees

None of the employees fall under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 including Companies (Particulars of Employees) Rules, 2011, as amended.

Auditors

a) Internal Auditors

The Internal Auditors, M/s. A D V & Associates, Chartered Accountants, Mumbai have conducted the internal audits periodically and submitted their reports to the Audit Committee. Their reports have been reviewed by the Audit Committee and the Statutory Auditors.

b) Statutory Auditors

M/s. Mittal & Associates, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend the re-appointment of M/s. Mittal & Associates, Chartered Accountants, as the Statutory Auditors of the Company, at the ensuing Annual General Meeting.

c) Auditors' Report

With respect to the following comments on the Statement of Accounts referred to in the Report of Auditors, your Directors reply as under:

Auditors' Comments:

1. Sr. No. v(b), of the Annexure to Auditors' Report, transactions for purchase / sale of goods have not been made on cash basis, at prices which are reasonable;
2. Sr. No. (vi), of the Annexure to Auditors' Report, the Company has accepted deposit falling within the purview of Sections 58A and 58AA and the compliances for the same is pending;
3. Sr. No. (xi), of the Annexure to Auditors' Report, the Company has made delayed payment of Installments of term loans taken from State Bank of India and Indian Overseas Bank during the year and the Installments for certain months are still outstanding. Further, Company has over utilized Cash Credit Facilities from State Bank of India, Indian Overseas Bank, Central Bank of India & Dena Bank resulting the account of the Company is considered as Non Performing by these banks.
4. Sr. No. (xv), of the Annexure to Auditors' Report, The Company has given a corporate guarantee of ₹ 760 lacs to a bank for loans taken by a company in which directors relatives are interested.

Board of Directors' Reply :

1. With respect to the sale or purchase of goods made on credit basis to a party, entered in the Register under Section 301 of the Act, the transaction are on the same terms and conditions to the credit period and pricing like any other parties and further the same does not fall within the purview of Section 297 of the Act;
2. The Company is in the process of filing necessary returns with the Registrar of Companies for the deposits accepted during the year. However these deposits are in nature of deposits accepted from supply and selling agents for the purpose of trade / for the business of the Company; and
3. The Board of Directors have submitted a proposal for Corporate Debt Restructuring to its bankers which is under consideration.
4. The Corporate Guarantee given is not prejudicial to the interest of the Company, as the company has given the said guarantee on commercial prudent in the business interest of the Company and none of the Directors are holding any shares or directorship in the said Company.

d) Cost Auditors

M/s. B. F. Modi & Associates, Cost Accountants, Mumbai have been re-appointed as the Cost Auditors of the Company to submit the Cost Audit / Cost Compliance Report along with the requisite annexures duly certified by them for the financial year commencing from 01st April, 2013 to 31st March, 2014, by the Board of Directors at their meeting held on 30th May, 2013.

The Cost Audit Report for the financial year ended 31st March, 2012 has been filed on 31st December, 2012 in XBRL format, which was within the due date of 31st January, 2013 vide the General Circular No. 43/2012 issued by the Ministry of Corporate Affairs dated 26th December, 2012.

Change in Board of Directors

Mr. Prakash N. Kela resigned as a Director of the Company with effect from 29th September, 2012. The Board accords its appreciation for his contributions during his tenure as a Director of the Company.

Mr. Navin C. Chokshi resigned as a Director of the Company with effect from 25th November, 2012. The Board accords its appreciation for his contributions during his tenure as a Director of the Company.

Mr. Rakesh Srivastava was appointed as an Additional Director of the Company with effect from 09th February, 2013 and he holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature as a Director, liable to retire by rotation.

In accordance with the requirement of the Companies Act, 1956 and Articles of Association of the Company, Mr. Muralidharan Iyengar, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Your Directors recommend the above appointment / re-appointments.



Change of Name of the Company

The name of the Company was changed from 'Glory Polyfilms Limited' to 'Glory Films Limited', on obtaining the approval of the members vide a Special Resolution passed at the 15th Annual General Meeting held on 29th September, 2012. A Fresh Certificate of Incorporation consequent to the change in name of the Company was issued by the Registrar of Companies, Maharashtra, Mumbai on 04th February, 2013.

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 along with explanation relating to material departures, if any;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 31st March, 2013 and of the Loss 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; and
- (iv) that the Directors have prepared the Annual Accounts on a going concern basis.

Report on Corporate Governance

A detailed report on Corporate Governance has been provided elsewhere in the Annual Report, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

Management Discussion and Analysis

A separate section on Management Discussion and Analysis, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is given in the Annual Report.

Fixed Deposits:

The Company has taken / availed unsecured loans from Directors / promoters to meet with the stipulations of the lending Banks, and from others to meet with the fund requirements for the business of the Company in the nature of deposits accepted from supply and selling agents for the purpose of trade / for the business of the Company. The Company would comply with the requirements of Section 58A of the Companies Act, 1956 and Rules made thereunder, to the extent as may be applicable.

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

As required under 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 in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in Annexure to this Report.

Acknowledgements

Your Directors place on record their appreciation of the support extended by customers, investors, bankers, business associates, vendors and various government agencies. The Directors also sincerely acknowledge the significant contributions made by all the employees for their dedicated services to the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 12th August, 2013

Yogesh P. Kela
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

I. CONSERVATION OF ENERGY

FORM A

Power and Fuel Consumption	Year ended 31.03.2013	Year ended 31.03.2012
Electricity –		
Total Units	4713600	5427811
Amount (Rs. In lacs)	214.28	229.17
Rate Per Unit (Rs.)	4.55	4.22
Consumption per unit of Production (in unit/kg.)		
Own Generation – (Through Diesel Generator)		
Total Units (in liters)	Nil	Nil
Amount (Rs. In lacs)	Nil	Nil
Rate Per Unit (Rs.)	Nil	Nil

Form 'B'

II. Technology Absorption & Research & Development

1) Specific area in which R & D carried out by the Company:

During the year under review, efforts were made in the following areas with the objective of optimizing process systems and adopting parameters that ensure product improvement and cost reduction:

- Total Quality Management (TQM) rolled out in the Company resulted in process improvements and new methods of increasing production and manpower efficiencies across divisions.
- Energy saving measures like single tank condensate, natural draft cooling tower and improved lighting system led to energy conservation and natural energy source optimization initiatives.
- Renewed focus on safety measures and proper training resulted in reduced wastage of resources and avoidance of unfortunate incidents thus increasing overall efficiency.
- Reducing cost of materials, effecting import substitution, simplifying processes and achieving time savings.
- Quality improvements and up-gradation of raw material supplier.

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

- High quality, value added and cost effective multilayer films & laminates preferred by the consumers were developed.
- Reduction in cost of raw materials and packaging materials and higher productivity.
- Significant reduction in the emission of pollutants into environment; use of clean methods of energy generation.
- Improved quality of products and thereby strong market position and premium positioning of the products.

3) Future plan of action:

The Company will continue to pursue its R&D work on developing high quality products to meet the ever changing consumer needs and on adding value to our existing products.

4) Expenditure on R & D:

Charged to the respective heads of accounts and not allocated separately.

III. Foreign Exchange Earning and Outgo

The Company is exploring the possibilities of exporting its products to various countries and the Board has initiated the required marketing strategies in this regard. Your Directors are optimistic for a better overall performance with the penetration of new markets abroad.

Foreign Exchange Earned ₹ Nil

Foreign Exchange used ₹ 354.68 Lacs (import of Raw Material)

For and on Behalf of the Board of Directors

Place: Mumbai

Date: 12th August, 2013

Yogesh P. Kela

Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Packaging Industry

The global plastic industry is witnessing continuous shift of production bases to low-cost Asian countries. This coupled with increasing foreign investments, and rise in the number of new manufacturing establishments are presenting Asia-Pacific as a prime driver of growth in the plastics industry. In particular, China and India offer enormous potential due to expanding automobile demand, resurgence in growth fundamentals across all end-use markets, such as rebuilding of consumer/business confidence, increasing income levels, rebound in general production, and rise in capital investments in all end-use sectors.

The global packaging industry witnessed influence of technology innovation and development, a key reason for the industry's robust growth over the last few decades. Over the years, technology development has been moving in sync with growing consumer demand for convenient and quality packaging. Eclectic packaging solutions, for instance, have evolved to offer exceptional product packaging advantages to manufacturers and consumers alike.

Besides growing demand from the automobile, mining, chemical, construction and agricultural industries, the Asia-Pacific plastics market is propelled by trends such as globalization, demand for durable products and urbanization. Packaging sector is one of the major consumers of plastics. Apart from being used as a substitute for traditional materials, plastic packaging is being increasingly used in healthcare and personal care products, and packaged foods and beverages markets. Advancements in packaging material science and mounting demand for product protection and stability are further driving demand for plastic packaging. Bioplastic demand is on the rise and is expected to grow, owing to novel applications in the packaging industry, primarily for food and beverages. Emerging nations with underdeveloped or no recycling facilities are expected to benefit considerably from bioplastics products and packaging.

The global flexible packaging market (at \$71 billion in 2011) will grow by around 5.0% a year, reaching \$90 billion in 2016. Flexible packaging is an industry relatively immune from global economic downturns. In 2016, 42% of the industry will be in Asian markets, which are growing at about 7% a year – the fastest growing region is Southeast Asia and Oceania, driven by high demand in India with 15-20% annual increases. The global arena remains “local” with regional converters supplying the vast proportion of local packaged-goods customers' needs. Only 4% of flex-pack production is traded outside the region in which it is manufactured.

Packaging in India

Today, packaging is produced more quickly and efficiently. It is generally lighter in weight, uses less material, is easier to open, dispense from, reseal, store, and dispose. Packaging has evolved from a relatively small range of heavy, rigid containers made of wood, glass, and steel, to a broad array of rigid, semi rigid and flexible packaging options increasingly made from specialized lightweight materials.

Encouraged by strong economic growth, stimulation in processed food production and retailing and the growing personal disposable incomes of the 350 million middle-income earners in India, will drive growth in the flexible packaging industry over the next five years averaging 15% per annum through to 2015. However, Indian Plastic Industry now faces double-edged sword as on the one side it faces low cost imports from China and Thailand due to slowdown in Global economy, particularly in USA and on other side increased cost of production due to rising prices of Polymer.

Flexible Packaging

Flexible packaging consists of multi-layer laminated sheets of plastics (PVC, LDPE, HDPE, BOPP, BOPET), paper, cloth, or metal foils that are used separately or in combination for various packaging applications. However, this article discusses flexible packaging as laminates of plastics that have a unique set of properties that ensure toughness, moisture resistance, aroma retention, gloss, grease resistance, heat sealability, printability, low odour and taste. These find use in packaging food, tea, coffee, spices, chewing tobacco, bakery, confectionary, oils, and in certain other non-food applications such as household detergents, health and personal care, soaps, and shampoos.

Flexible Packaging Demand in India and Worldwide

Worldwide demand for converted flexible packaging is forecasted to grow 3.6 percent per year to over 19 million metric tons in 2013, faster than real (inflation adjusted) gains in GDP. Factors contributing to rising converted flexible packaging demand include growth in food and beverage shipments, which represent the largest market by far. In addition, cost performance and source reduction advantages, as well as ongoing developments in high-barrier resins and value added features, will continue to favour flexible packaging products over their rigid packaging materials.