



**SEJAL GLASS LIMITED**

**ANNUAL REPORT 2014-15**

## Forward-looking Statements

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words like 'plans', 'expects', 'anticipates', 'believes', 'intends', 'estimates', or other similar expressions as they relate to Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements, on the basis of any new information, future event, subsequent development or otherwise.

CONTENTS	PAGE
Corporate Information	1
Key Highlights of 2014-15	2
Chairman's Overview	3
Directors' Report	4
Corporate Governance Report	24
Independent Auditors' Report	37
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Notes to Financial Statements	46

## Corporate Information

### SEJAL GLASS LIMITED

### Seventeenth Annual Report 2014-15

#### BOARD OF DIRECTORS

Mr. Amrut S. Gada	Chairman and Managing Director
Mr. Mitesh K. Gada	Executive Director
Mr. R. Rengarajan	Independent Director
Mr. Praful Nisar	Independent Director
Mrs. Leena Gadit	Additional (Independent) Director

#### Cost Auditors

VV and Associates Cost Accountant  
8 Om Kadambari CHS. Ltd.  
B.T. Marg, Dahisar (West)  
Mumbai - 400 068  
Email.: [cmavaibhavjoshi@gmail.com](mailto:cmavaibhavjoshi@gmail.com)

#### GM COMPLIANCE, COMPANY SECRETARY

Mr. Ashwin S. Shetty

#### CHIEF FINANCIAL OFFICER

A. Venkataramanan

#### STATUTORY AUDITORS

M/s. S.S. Puranik & Associates *Chartered Accountants*  
R/10, Sicka Nagar,  
V.P. Road, Girgaum,  
Mumbai – 400 004  
Email: [accounts@sspassociates.com](mailto:accounts@sspassociates.com)

#### REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited  
C- 13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West), Mumbai 400 078  
Tel.: +91 22 2594 6960  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

#### INTERNAL AUDITORS

SPP Associates  
21, Akhurath, Plot No. 11,  
Sector 14, Sanpada, Opp. Palm Beach Road,  
Navi Mumbai – 400 705.  
Tel.: +91 22 2781 2000  
Email.: [susant@sppassociates.com](mailto:susant@sppassociates.com)

#### BANKERS TO THE COMPANY

Punjab National Bank  
Bank of Maharashtra  
ICICI Bank Limited  
State Bank of Patiala

#### REGISTERED OFFICE

3rd Floor, 173/174, Sejal Encasa, S.V. Road,  
Kandivali (West), Mumbai 400 067  
Tel: 28665100, Fax: 28665102  
Website: [www.sejalglass.co.in](http://www.sejalglass.co.in)

#### Factory

Plot No. 259/10/1, Village Dadra  
Union Territory of Dadra, Nagar Haveli,  
Dist. Silvassa 396191

#### Retail & Trading Division

Sejal Encasa,  
173/174, S. V. Road,  
Opp. Bata Showroom, Kandivali (West),  
Mumbai – 400 067

## Key Highlights of 2014-15

## Five Year Financial Performance Table

(₹ in Million)

Financial Performance	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Profit &amp; Loss Account</b>					
Gross Sales	144.03	1263.68	626.77	448.61	2796.26
Total Income	228.03	1370.03	742.78	534.56	2941.92
Depreciation	48.24	24.59	24.45	23.43	400.91
Interest	92.70	88.22	81.05	17.34	667.38
Profit Before Taxation	(395.13)	(187.59)	(89.75)	(5.71)	(962.17)
Profit After Taxation	(619.33)	(187.59)	(160.00)	(526.41)	(639.01)
Earnings Per Share	-	-	-	-	-
<b>Balance Sheet</b>					
Fixed Assets	588.05	835.87	915.53	1530.23	8403.43
Investments and Non Current Assets	846.00	882.07	867.35	422.36	0.89
Net Current Assets	(264.04)	(240.85)	(48.96)	391.49	370.95
Net Deferred Tax Asset	-	224.20	224.20	293.54	312.20
Loan Funds	356.90	172.73	238.45	323.65	6236.15
Provisions	8.09	7.03	3.53	3.16	-
Profit & Loss A/c	-	-	-	-	549.81
<b>Net Worth</b>	<b>807.08</b>	<b>1523.87</b>	<b>1716.14</b>	<b>2310.81</b>	<b>3401.15</b>
Share Capital	335.50	335.50	335.50	335.50	335.50
Share Warrant / Share	-	-	-	-	14.50
Application Money	-	-			
Reserve and Surplus	471.58	1188.37	1380.64	1975.31	3051.15
<b>Net Worth</b>	<b>807.08</b>	<b>1523.87</b>	<b>1716.14</b>	<b>2310.81</b>	<b>3401.15</b>

## Chairman's Overview:

During the Financial year 2014-15 and the beginning of FY 2015-16 the Indian Industrial and market climate were subdued. Market sentiments, by and large was depressed affecting demand for various products. Infrastructure sector which gives major impetus to the economy has witnessed no major project initiative. Inventories were piled up in the Realty segments awaiting Policy changes from the new Government formed both at the center and few other states.

As we cater mainly to the Infrastructure and Realty segments, the slowdown in these sectors has impacted the business of the company severely. Added to this, change in our marketing policy of supplying against secured payments has also affected the sales of the company. As against the earlier practice of giving clean credit to our customers, we are now insisting Letter of credit or PDCs to secure supplies. As a result we have to loose several orders and at the same time we have secured ourselves against the credit risk of defaults by our customers.

Dips in the sales coupled with loss at the net levels have resulted in tight liquidity position which as a vicious circle in turn has affected the business further. Your Company's strong de-risking strategy pursued over the last one decade, has enabled your company to withstand the onslaught of several external factors and remain fundamentally strong with a strong foundation for improved earnings in the coming years.

Notwithstanding sluggish economic conditions, your company continued to pursue process improvement across at all levels of the organisation. This will not only improve operational efficiency but also enable us to gear up for the future competition. The initiatives taken up includes, optimization of raw material usage, internal and external wastage reduction, Energy Audit, minimum inventory levels, rationalization of headcount etc., The impact of these initiatives, even though remained subdued in the past year, should start translating into improved operational performance from the current financial year onwards.

With expected near normal monsoon and Government Investments in infrastructure, it is believed that 2015-16 can provide necessary impetus to the economy. The international community has started seeing India as a promising destination for business. If backed by policy reforms and 'ease of doing business' initiatives, this interest can turn into a major opportunity for industrial development.

Spurt in **e-commerce platforms** and steps like "**Digital India**", "**Smart Cities**" etc., is expected to bring economy in to growth trajectory. Your company will immensely benefit from **Smart city** as well as from the **Solar power generation projects** initiative of the Government. Requirement of processed Glass in these projects would be significant.

Being a leading company in glass processing industry, we envisage significant business potential in the ensuing years.

The brand '**Sejal Glass the Sixth element**' is the core asset of your Company. Continued investment in 'brand building' has enabled your Company to maintain or improve market share in most of the product categories across all geographies. '**Sejal Glass the sixth element**' continues to be recognized as the 'Super Brand' in the Processed Glass segment.

We are upbeat that with the Brand image, Product superiority, loyal Customer network, long standing relationship with established suppliers, improved operational efficiencies, efficient Human resources and trust reposed by stakeholders, Investors, Lenders and Governmental authorities will enable us to reposition and take the business of the company to the great heights in the current and following financial years.

Towards this we would like to thank you in advance and solicit your continued appreciation and support.

**Amrut S. Gada**  
**Chairman & Managing Director**

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their Seventeenth Annual Report, together with the Audited Accounts of the Company, for the year ended March 31, 2015 as follows:

(Amount in ₹)

	Year 2014-15	Year 2013-14
Revenue from operations	144,029,357	1,263,687,880
Other Income	84,004,085	106,348,140
<b>Total Revenue</b>	<b>228,033,442</b>	1,370,036,020
Operating Expenditure	316,769,398	1,329,340,282
Profit / (Loss) before Interest & Depreciation	(88,794,135)	40,695,738
Less: Interest	92,700,947	88,220,178
Less: Depreciation	48,241,782	24,585,443
<b>Profit / (Loss) before exceptional, extraordinary items and tax</b>	<b>(229,736,864)</b>	(72,109,883)
Exceptional Items	-	-
(Loss)/Profit on sale of Assets	4,341,815	(28,687,809)
Prior Period (Expense) / Income	(4,737,026)	(1,796,069)
Provision for Contingency	(165,000,000)	(85,000,000)
<b>Profit / (Loss) before tax</b>	<b>(395,132,075)</b>	(187,593,761)
<b>Tax expense:</b>		
(a) Current tax expense relating to prior years	-	-
(b) Deferred tax	(224,201,433)	-
<b>Profit / (Loss) for the year</b>	<b>(619,333,508)</b>	(187,593,761)

## 2. Operational Review

The company registered a Net Turnover of Rs. 14.40 crores for the year ended 31st March 2015 as against Rs. 126.37 crores for the year ended 31st March 2014. Subdued market conditions in the Realty and Infrastructure sectors to which your company's products mainly cater to and severe working capital constraints have impacted the business of the company during the F.Y. 2014-15. At the operating level the company has reported profit of Rs. 1.85 crores before Interest, Depreciation, Taxation and Exceptional items during F.Y. 2014-15 against Rs. 8.32 crores in F.Y. 2013-14. During F.Y. 2014-15 various measures were initiated to improve operational efficiency and productivity.

Loss at the net level of Rs. 61.93 crores for the F.Y. 2014-15 was mainly on account of write-off of software cost and non recoverables Rs. 11.18 crores, Provision for contingencies of Rs. 16.50 crores and reversal of deferred tax asset of Rs 22.42 crores.

## 3. Management Discussion & Analysis

### A. ECONOMY /INDUSTRY OVERVIEW

The macroeconomic environment continued to pose challenges in the Fiscal Year 2014-15, Though there has been a marginal growth in GDP, the consumer sentiment continued to be weak. Despite the rate of inflation being on the lower side, years of high inflation in the past have left continuing impact on disposable income and Final Private Consumption Expenditure. Every geography has been seeing ups and downs in short spells making it difficult to forecast and work on a stable marketing plan.

While certain macro factors like fiscal deficit, inflation, foreign investor interest etc., show improvement besides structural correction initiatives by the New Government, these are yet to have any impact on the consumer demand and employment generation. It is expected that if reforms like land acquisition, recodification of labour laws, GST, and initiatives like infrastructure development, power generation and development of smart cities are kick started, India can get back to growth rates in excess of 7% in the coming years. Your Company operates in the Glass processing segment with a wide range of product processes. The product processes consist of Toughened glass, Heat strengthened glass, Insulated glass, Laminated glass, Decorative glass and fire rated glass. The market for glass processing is shared amongst organized branded players and unorganized players. The market for organized brands is estimated at about 70% of the total market.

### Company Overview:

The **Electronic commerce** or **e-Commerce** as is known today has evolved as businesses (end to end process) started to shift from real time market to digital market. A lot of businesses today take place on the internet, sitting in the comfort of one's own home. The Company has during the year under review had tied up with snapdeal for sale of its décor products. The Company has as a beginning started with selling of its glass mirrors on line through snapdeal, and the concept is slowly picking pace. The Company proposes to gradually add few more categories of retail home and office interior products for online sales in the near future.

## B. GLASS INDUSTRY OVERVIEW

☒

### ➤ Global Overview And Demand

☒

- The global glass market has reached about 83 million tonnes in 2014 up from 60 million tonnes in 2011.
- The Global Flat Glass market is poised to grow at a CAGR of 7.3% over the period 2014-2019.
- The use of float glass is largely in the Building and Construction and Automotive sectors.
- Flat glass is also used in solar equipment such as solar thermal panels and photovoltaic modules.
- Flat glass finds application in interior fittings and decorations, furniture, and electronic equipment.
- Flat glass is classified into float, sheet, and rolled.

One key trend upcoming in this market is the demand for fabricated flat glass products for use in buildings and construction. Demand for fabricated flat glass products such as solar glass panels and electronic displays are on the rise.

### ➤ Indian Glass Industry

According to a recent study conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) the domestic glass industry is poised to grow to Rs. 340 billion by 2015, which will be triggered by the growth in the real estate sector, infrastructural development, retail sector, automotives sales and food & beverages sector. The current value of Indian glass industry is Rs. 225 billion.

Indian glass market is set to increase at a compound annual growth rate (CAGR) of 15 per cent over the next three years. The glass consumption growth is expected in construction (10-12 per cent), automotive (20 per cent), consumer goods (15-20 per cent) and pharmaceuticals (15-18 per cent) sectors.

The glass industry employs more than 40 lakh people. The organized sector accounts for 35 lakh and unorganized sector provides direct jobs to around 5-6 lakh people. A large number of man-power is involved indirectly in the sector, most of whom are unskilled workers.

About 75 per cent of the total glass industries are concentrated in U.P, Maharashtra, Gujarat, Karnataka and Andhra Pradesh. Gujarat employs the highest number of people in the glass industry followed by Uttar Pradesh, Maharashtra and Andhra Pradesh.

The glass packaging industry is facing tough competition from alternative medium. But with the key properties such as inertness, transparency and recyclability, glass will overcome the issues of fragility and bulkiness, which will satisfy the consumers.

The increasing prices of the raw material is the biggest challenge faced by Indian glass manufacturers. With some steps taken by the government towards control in the increasing prices of raw materials and regularizing the cullet collection system in India, would help the industry to counter the competition from other alternative uses for glass.

The per capita glass consumption in India is 1.2 kg, compared with 8-9 kg in developed countries and 30-35 kg in the US. Also, glass recycling is very high in developed countries at 70-80 per cent, whereas in India, only 40-45 per cent of the finished products come for recycling and the rest go for land filing. Recycling saves 10-20 per cent energy, 30 per cent air pollution and improves furnace efficiency by 20 per cent. The glass industry mainly consists of four segments-Container glasses, Specialty glass, Flat glass and Fiberglass. Container glass is the largest segment in the glass sector, catering to glass packaging for consumer goods and pharmaceutical industry. The specialty glass is used in technical applications such as electronics and engineering. Flat glass segment comprises of float glass and rolled glass, which are mostly used in architectural and automotive applications.

### ➤ **Glass Processing Industry**

The glass processing industry is highly fragmented in the country. It is clustered in six geographical locations that fall near the six industries or metro cities. The processing clusters are located in and around Delhi, Mumbai, Chennai, Hyderabad, Kolkata and Bangalore. Because of its fragmented nature, the glass processing industry in India is dominated by small players who put little effort to improve customer service, reducing costs, or systematically developing markets. The industry is also weighed down by the spiraling cost of manufacturing. Energy costs are increasing, as are those of raw materials and infrastructure.

The glass processing involves lending various properties to glass in order to enhance life and aesthetic appeal of the glass as well as to customize it for the intended use. The glass processing units are required to be located in proximity to the major float glass producing centers as well as the markets of consumption to minimize losses on account of breakages and logistics cost.

#### **Processed Glass types**

- Heat strengthened glass
- Fully toughened glass
- Insulated glass
- Noise insulating glass
- Laminated glass
- Decorative glass
- Fire resistant glass

### **Real estate: Driving growth**

The growth of the float glass industry is dependent on construction and architecture activities. The construction sector is the largest consumer of float glass. Around 70% of the total production is used by the construction sector. Real estate sector use flat glass for windows, doors, partitions and a host of other applications.

It is expected that demand growth in this segment is going to be strong, as architects are increasingly seeking to bring natural environmental factors into the interior of buildings by maximizing natural daylight. This has been achieved through the use of larger glazed areas in façades and roofs, and through entirely glazed façades, where the glass is a structural component of the building.

Interestingly, use of value-added glass has gained popularity in commercial buildings in the recent years. However, residential buildings, which are a major source of demand for these glass types, are not using much of these products. This is one area that is going to drive growth in the country.

### **Automotive Sector: High Potential**

In India auto industry is a growing industry with an expected turnover of US\$113 billion by 2020. The automobile sector is a big

user of flat glass. The consumption of glass in this sector is likely to see a growth of close to 20 per cent in the coming year as glass is being increasingly used on cars, and strongly contributes to their design.

#### **C. HUMAN RESOURCES**

The Company believes in the highest standards of people management and personal growth. It instills in each of the members of the Sejal family a feeling of ownership, responsibility and performance to the par of excellence in each of the operations pertaining to production and servicing. The Company aspires to set the highest standards of internationally benchmarked human resource practices, which would be exemplary for other manufacturers. The industrial relations were cordial and the management thoroughly acknowledges the support from the employees at all levels.

#### **D. INTERNAL CONTROL SYSTEM**

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management.

The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has a full-fledged Internal Audit department and also external Internal Auditors to review various areas of the operations of the Company. The management and the Audit Committee of the Board review the audit reports periodically.

#### **E. RISKS AND CONCERNS**

The Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.

### **4. Share Capital**

During the year under review your Company's Authorized Share Capital remained unchanged at Rs. 60,00,00,000/- (Rupees Sixty Crores Only) comprising of 6,00,00,000 Equity Shares of Rs. 10/- each. During the year under review Issued, Subscribed and Paid up Share Capital of your Company also remained unchanged at Rs. 33,55,00,000/- (Rupees Thirty Three Crores Fifty Five Lacs Only) comprising of 3,35,50,000 Equity Shares of Re. 10/- each Equity Shares each.

### **5. Depository System**

The trading in the equity shares of your Company is under compulsory dematerialization mode. As of date, equity shares representing 99.07% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of your Company's shares.

### **6. Dividend**

In view of the loss for the year and the accumulated losses of the previous year, your Directors are unable to recommend any dividend for the year ended March 31, 2015.

### **7. Directors and KMP**

The Board consists of Executive and Non- Executive independent directors including who have wide and varied experience in different disciplines of corporate functioning. Mr. Amrut S. Gada, Chairman & Managing Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

During the year under review Mrs. Leena Gadit was appointed as Additional Director (Independent) of the Company with effect from 31.03.2015.

Pursuant to section 203 the Companies Act, 2013 the appointment of following managerial personnel were formalized as Key Managerial Personnel (KMP) of the Company:

- Mr. Amrut S. Gada Chairman & Managing Director.
- Mr. A. Venkataramanan Chief Financial Officer (CFO)
- Mr. Ashwin S. Shetty G.M. Compliance, Company Secretary

## **8. Other Disclosure**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- No complaint received from any employee, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made there under.

## **9. Extract of Annual Return**

Pursuant to Section 134(3)(a), extract of Annual Return in Form MGT-9 has been annexed herewith as **Annexure 'A'**.

## **10. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement, a report on the Corporate Governance for the year under review along with Auditors' Certificate regarding Compliance of Corporate Governance form part of this Report.

## **11. Public Deposits**

During the year under review your Company has not accepted deposits from public in pursuance of section 58A of the Companies Act, 1956 and rules framed under the Companies [Acceptance of Deposits] Rules, 1975. During the period under review, as on 31st March, 2015, the Company has outstanding fixed deposit of Rs. 12,70,70,058/-. The interest and repayment of matured deposits have also remained to be paid during the year under review due to severe liquidity constraints.

Your Company has made an application to Hon'ble Company Law Board (CLB) under the provisions of section 74(2) of the Companies Act, 2013 for seeking extension of time for repaying the outstanding fixed Deposits along with interest thereon. The Company's application with the CLB is yet pending disposal.

## **12. Board Evaluation**

The Listing Agreement mandates that the Board shall monitor and review the Board evaluation framework. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

## **13. Training of Independent Directors**

Your Company's Independent Directors are highly qualified and have been associated with corporate and business organizations. They all understand Company's business and activities very well, however, pursuant to the provisions of Clause 49 of the Listing agreement, the Board has shown all the Independent Director Company's business and manufacturing activities and were also introduced to Company's staff.

## **14. Declaration by Independent Directors:**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.