

IT IS A WORLD OF GLASS OUT THERE

AND WE HELP TO BUILD IT



SEJAL ARCHITECTURAL GLASS LTD.
ANNUAL REPORT 2006 - 2007



SEJAL ARCHITECTURAL GLASS LTD.

Abhilasha, 2nd floor, S. V. Road, Near Shopper's Stop,
Kandivali (W), Mumbai - 400067, India
Tel: 91-22-28633383 / 84 / 85 / 86 Fax: 91-22-28633390
Email: info@sejalglass.co.in www.sejalglass.com

GROWTH | VALUES | TECHNOLOGY | VISION

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Board of Directors

Amrut S. Gada - Chairman & Managing Director
 Kanji V. Gada - Vice Chairman
 Dhiraj S. Gada - Jt. Managing Director
 Shantilal S. Gada - Director
 Mitesh K. Gada - Director
 R. Subramanian - Director, Operations
 Ashish D. Karia - Director

Auditors

S . S Puranik & Co.
 Chartered Accountants

Internal Auditors

S . P Chheda & Co.
 Chartered Accountants

Corporate Advisors

S . H . Bathiya & Co.

Bankers

State Bank of Patiala

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Regd. Office

50/D Govt.
 Industrial Estate,
 Charkop, Kandivali (W)
 Mumbai 400067

Corporate Office

201 / 202, Abhilasha,
 2nd floor, S V Road,
 Kandivali (W),
 Mumbai - 400067

Plant

259/10/1, Near Alok Rub Plast,
 Village Dadra, Dist. Silvassa,
 U.T of Dadra & Nagar Haveli,
 Pin 396191

Proposed Float Glass**Project Site:**

SAGL - Float Div.
 Plot no. 25 to 36,
 42 to 47, C2 - 1 to 37,
 GIDC Industrial Estate,
 Jhagadia, Bharuch, Gujrat 393110

**One Stop Shop for
Interior Products**

SAGL - 173 / 174, S V Road,
 Kandivali (W),
 Mumbai - 400067

Chairman's Letter



Amrut S. Gada
Chairman & Managing Director

Dear Shareholders,

Our nation has been witnessing appreciable growth in almost all sectors of economy. Reserve Bank of India, the most conservative appraiser of the economy, revised the GDP growth for the year 2006-07 upwards from 9.2 percent to 9.4 percent. This compares extremely well with the global GDP growth which declined from 5.4 percent in 2006 to 4.9 percent in 2007 as mentioned in the World Economic Outlook of the International Monetary Fund.

General business outlook for 2007-08 also appears ebullient with the efforts of the Govt to rein inflation bearing fruit. The projection of real GDP growth in 2007-08 is around 8.5 percent. All these factors augur well for the Indian Industry. The annual survey conducted by RBI also yielded optimistic response from the industry on sales volume, order book and net profit. According to that survey business confidence during July 2007 continued to be high.

Your company also shares such robust attitude. We have completed 7 years of operation as on 31.03.2007. During this period your company has moved from strength to strength.

As conveyed to you in my last year's report, the lamination facility commenced its operation and the benefit from it has started accruing. I need not elaborate on Sejal Encasa, one stop Mall for an elegant home. The Mall is capturing the attention of the target clients. The footfall there reveals increasing trend and the Mall, as envisaged, will be the bench mark for such activity.

The float glass project which found a mention in my last year's report is evolving into reality. Necessary location, loan tie up, technology arrangement have been finalized. The construction activity also has commenced at the site. As is the attitude of Sejal, there has not been any compromise in quality in any of the choices for the project. Only the best has been contracted to deliver their best to your company. I am certain that this will ensure the emergence of your company as the National Leader in glass manufacturing in just a few years from now. Indications in this regard are already visible with the active interest shown by the Private Equity Investors and also Strategic Foreign Investors.

Moving to number crunching, I am happy to place before you the following growth achieved by your company during 2006-07 Sales and Operating Income increased by 29.61% compared to 23.27% of last year. PAT increased by 25.34% during 2006-07 against a reduction during 2005-06. With the establishment of three different SBUS based on the client targeting viz Architectural, Retail, and Float Glass operations, the profit accentuation will be felt more by the share holders 2007-08 onwards.

During last year your company commissioned SBI Capital Markets Ltd and A.C.Nielson to analyze the glass markets and its potential. Both the agencies confirmed the growth capacity of the glass industry. According to them the float glass demand grew at a CAGR of 11% during the last five years and is expected to grow at the rate of 12% from now. The growth drivers are the construction and automobile industries.

I hasten to add here that according to a recent survey conducted by A.C.Nielson, India, with 135 points, rides high as a nation with most optimistic people in the world. This survey indicates that 93 percent in the Indians consider their job prospects to be excellent or good. This confidence will be translated into higher demand for construction and automobiles. Against this back drop, I can state with reasonable confidence that the steps taken by your company are in the proper direction and the share holders will witness the achievements of the company.

Having said this, I also wish to state here that all these giant strides of the company are the culmination of proper planning and analysis. Each and every move has been subjected to elaborate analysis in order to avoid any inherent pit fall. The additional facility, establishing the state of the art mall, or formulating the float project all have been scrutinized thoroughly. On this high note I promise you that the journey ahead will be interesting.

I sincerely thank all of you, other directors, our employees / staff, our bankers and our customers who made this possible.

For Sejal Architectural Glass Limited

(Amrut S. Gada)
Chairman and Managing Director

VISION



It is the vision of the Sejal Group to create a brand image for Sejal that evokes a sense of awe, blind faith and inspiration and to achieve for itself the position of industry leader in the field of secondary flat glass processing.

Processes, operating systems and procedures shall be adopted with the objective of surpassing the exacting international standards for products and systems.

Creating and multiplying wealth of the company with continuous expansion for a better future of all stake holders.

To,
The Members of
SEJAL ARCHITECTURAL GLASS LIMITED

Your Directors have pleasure in presenting the 9th Annual Report of your Company together with the audited statements of accounts for the year ended 31st March, 2007.

Particulars	Year 2006-07 Rs	Year 2005-06 Rs
Sales and Operating Income	38,24,04,573	29,50,28,528
Other Income	1,45,60,052	1,07,05,086
Total Income	39,69,64,625	30,57,33,614
Increase/(Decrease) in stock	(33,96,632)	14,83,492
Gross Income	39,35,67,993	30,72,17,106
Operating Expenditure	32,55,88,414	26,08,57,865
Profit Before Interest & Depreciation & Tax	6,79,79,579	4,63,59,241
Less : Interest	1,57,20,142	92,75,375
Less : Depreciation/amortization	1,22,31,581	64,75,178
Net Profit Before Tax	4,00,27,855	3,06,08,688
Less : Provision for tax for the year (including Fringe Benefit Tax)	54,69,000	65,71,000
Less : Deferred Tax	68,12,379	18,90,113
Net Profit After Tax	2,77,46,476	2,21,47,575
Less: Prior year expenses	6,67,328	12,42,871
Add : Balance b/f from previous year	62,63,826	54,90,246
Amount Available for appropriations	3,33,42,974	2,63,94,950
APPROPRIATIONS :		
Equity Dividend	48,89,673	45,00,000
Income Tax on dividend	8,31,000	6,31,125
Transferred to General Reserve	1,00,00,000	1,50,00,000
Total Appropriations	1,57,20,673	2,01,31,125
Balance Carried to Balance Sheet	1,76,22,301	62,63,825



DIVIDENDS

In view of the Company's profitable performance, your Directors are pleased to recommend Dividend of 5.5% (Previous year's 15%) on equity share on pro-rata basis on the increased share capital of Rs. 10.335 crs as against the previous years share capital of Rs. 3.00 crs This will involve an outflow of Rs. 48.90 Lakhs (Previous year Rs. 45 Lakhs) towards dividend and Rs. 8.31 Lakhs (Previous year Rs. 6.31 Lakhs) towards dividend tax.

REVIEW OF OPERATIONS

During the year under review, your Company continued a healthy growth in its glass processing activities. Net sales and other income of the company improved by 29.61% as compared to the previous year i.e. gross income has increased from Rs. 30.72 Crores in 2005-06 to Rs. 39.36 Crores in 2006-07. The benefits of expansion in capacity of (INSULATED, LAMINATED AND TEMPERED GLASSES) will reflect fully in the year 2007-08. The company is gradually shifting its focus to project sales from trade sales.

Total Expenses other than interest and depreciation but inclusive of purchases and raw material consumed, increased by 24.80% i.e. from Rs. 26.09 Crores in the year 2005-06 to Rs. 32.56 Crores in the year 2006-07. Profit After Tax increased by 25.34% from Rs. 2.21 Crores in 2005-06 to Rs. 2.77 Crores in 2006-07.

BUSINESS OUTLOOK

As per the report from A.C. Nielsen Research Services Pvt. Ltd., which is recieved by the Company for their personal use, the Real Estate industry in India was estimated around \$ 1,200 crores in 2004 and is growing at the pace of 30% each year and out of this above 20% is commercial area comprising of offices, shopping malls, hotels and hospitals. Also, IT and BPO business alone contributed around 120 lacs square feet of real estate development in 2004. Also, all the malls which are developed across the country are using highly processed glass for energy conservation and as a device to save natural resources. Our Company is precisely dealing in the same product which is helping in saving the resources. Looking at the present development in the economy, the order size received by the Company and estimated industry growth rate being 26%, we also foresee the best in the Company.

GREENFIELD FLOAT GLASS PROJECT

As stated in our last report, the company has taken over the Float Glass project from its sister concern Sejal Float Glass Limited and capitalized all the corresponding expenditure carried over for the project so far.

Your Directors are pleased to report that your Company has entered into MOU with the Government of Gujarat for setting up the Float Glass Project in Gujarat. The Term loans for the Float Glass project of Rs. 318 Crores have also been tied up. The company has entered into the technology supply agreement with Stein Heurtey, from France for the project. The company has also entered into agreement with Larsen & Toubro Ltd. for civil construction of Float Glass plant.

The Project work has already commenced at Jhagadia, District Bharuch, Gujarat and development of land and excavation of the furnace area is being currently carried out and the Board estimates to start the construction of the factory building by mid of August 2007. The company has also tied up for supply of gas and utilities. Entire Plant and Machinery suppliers have been identified and negotiations have been concluded with them. The project capacity is 550 metric tones per day amounting to 200750 metric tones per annum. The plant has locational advantage of easy availability of sand which is the major raw material for manufacturing float glass. Use of natural gas instead of diesel for float glass manufacturing shall also be the unique advantage

DEPOSITS

During the year, your Company has accepted Public Deposits, Closing balance amounting to Rs. 122.90 Lakhs as on 31st March, 2007. There are no unclaimed deposits on the said date.



AUDITORS

M/s. S. S. Puranik & Co., Chartered Accountants, who are the Statutory Auditors of the Company hold office, in accordance with the provisions Companies Act, 1956, upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

DIRECTORS

Shri Mitesh K. Gada & Shri Ashish Karia, Directors of the company, retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for reappointment.

Shri. R. Subramanian, Director of the company was appointed as a Director - Operations during the year. As his term ends at the conclusion of the forthcoming Annual General Meeting, your directors recommend for his appointment as Director for further two year. Also, your Directors propose to increase the remuneration payable to Directors in line with increase in the activities and growth of the Company.

ENERGY

Your company is in the Glass processing business wherein the consumption of energy is high. Your company has procured such machinery which are energy efficient and effective control measures are taken for optimum utilization of energy. A note on energy conservation is given in the Annexure to the Report

TECHNOLOGY

The details pertaining to Technology are given separately in the Annexure to the Director's Report

FOREIGN EXCHANGE EARNING AND OUTGO

The details pertaining to Foreign Exchange Earnings and the payments are given separately in the Annexure to the Director's Report.

HUMAN RESOURCES

The total strength of our company has increased to 312 employees. The company has emphasized not just on the quantitative adequacy but also on the qualitative strength of the employees. We have always considered our employees as the most crucial resource in our development and growth. Your company is gearing up for recruiting necessary personnel at various stages for the Float Glass project.

SUB-DIVISION OF SHARES

The Company's Equity Capital have been sub-divided from face value of Rs. 100/- (Rupees Hundred) per share to face value of Rs. 10/- (Rupees Ten) per share pursuant to the resolution passed by the members at the Annual General Meeting held on September 30, 2006.



ISSUE OF BONUS SHARES AND CHANGE IN PAID-UP SHARE CAPITAL

Pursuant to the resolution passed by the Members at the Annual General Meeting of the Company held on September 30, 2006 approving the issue and allotment of Bonus Shares out of the General Reserves of the Company, in the ratio of 3:2, allotment of 45,00,000 equity shares of Rs. 10/- each of the company was made on November 25, 2006. Further during the year, 28,35,000 equity shares of Rs. 10/- each, were allotted for cash at par on October 4, 2006. This resulted in the paid up equity share capital of the company increasing from Rs. 3,00,00,000 to Rs. 10,33,50,000. The strengthening of Equity Share capital base was necessary in view of company's expansion and backward integration plans.

PARTICULARS OF EMPLOYEES

The Statement of particulars of employees under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not annexed herewith, since there was no employee, drawing, during the year under consideration, the prescribed remuneration, within the meaning of that Section of the said Act and the Rules made there under.

DIRECTORS' COMPLIANCE REPORT.

Pursuant to the provisions contained in Sub-Section (2AA) of Section 217 of The Companies Act, 1956, your Directors, hereby confirm that:

- In the preparation of the annual accounts for the year ended on 31st March 2007, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- They have selected the accounting policies in consultation with the Statutory Auditors and have 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 as at 31st March, 2007 and of the profits or loss of the Company for that period;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The annual accounts for the year ended 31st March, 2007 have been prepared on a going concern basis.

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APPRECIATION

Your Board of Directors take this opportunity to express their appreciation and acknowledge with gratitude, the excellent assistance and co-operation received from Bankers, Customers, Suppliers and Shareholders and look forward for their continued support to make Sejal shining.

Your Company also places on record its appreciation for the dedicated services of the employees of the Company.

For and on behalf of the Board,

Amrut S. Gada.
Chairman and Managing Director.

Place : Mumbai
Date : 14th August, 2007

