



Chairman's overview

Mr. Amrrut S. Gada
Chairman & Managing Director

Doing the best at this moment puts
you in the best place for the next moment.
- Oprah Winfrey

Dear Members,

The core principle of every business is value creation. Everything else emanates from this core principle. When we set out to create a reputed company, we wanted to concentrate on understanding the glass industry in-depth so as to efficiently utilise our knowledge to shape up a sustainable future; which we did, by emerging among the leading glass processors in the country. We emerged as a preferred supplier to the largest builders, architects and interior designers. This further enabled us to broaden our understanding of the real estate industry and its components.

Then came the next phase. We focused on climbing up the value chain with Sezal Encasa, the first of its kind lifestyle mall in India, dedicated to each and every aspect of home and office decor. It provided us a platform to utilise our intellectual capital gained by interacting with architects, customers and interior designers over the years. The focus was on providing the best global brands under one roof. Today we have two showrooms of Sezal Encasa, set-up in an area of 35,000 sq. ft.

Having achieved forward integration - from glass processing to retailing of glass products, we chose to foray into manufacturing of float glass. In 2008-09, we went public to raise funds for the float glass plant. Despite a young team, we went ahead to establish the first indigenous world class float glass plant in Bharuch. This 550 pull tonnes per day, state of the art plant was built using the world-renowned European Technology. The project was successfully completed in February 2010. On account of six-months delay in commissioning of the plant, the company suffered a cost over-run of ₹1.8 bn. However, we achieved a 100% capacity utilisation of the plant within six months of operations and achieved a Market Share of about 15% Pan India in the first year of operations.

2010-11 was a difficult year. The high Indian growth story led to galloping inflation, which in turn resulted in revision of interest rates by the RBI on several occasions in the financial year alone. This put brakes on the spending capacity of a large section of Indians, resulting in slowdown in real estate sector. The input cost including

the gas price continued to rise, while the price of float glass remained stable thereby leading to decrease in margins.

Our float glass plant was a dream that was conceived and built by each one of us at Sezal. With the cost pressures becoming more evident, it was time for us to act before the impending risk evolved into an inevitable crisis.

Being a public limited company, with a family of more than 12,000 shareholders, the Board is the Trustee of the hard-earned public money. It is our duty to ensure that every investment translates into value-creation for the stakeholders. In doing so, one has to think beyond personal dreams and sentiments. As a result, we chose to revitalise the company's financial health by exiting the float glass business. Our effective Risk Management Practices and strong Corporate Governance measures helped us foresee the depleting financial health of the Company and take timely remedial measures and avert a crisis.

On May 31st, 2011 we signed binding business transfer agreement with Saint-Gobain Glass India Limited, to sell our float glass unit as a going concern on slump sale basis for a cash consideration of ₹6.86 bn. Our passion, dedication and efforts that went into making our dream project was rewarded well. On one hand, our association with Saint-Gobain proved our float glass unit's value proposition; on the other hand it proved our capability of delivering and operating a global-scale project.

The sale of the unit also resulted in reinvigorating our financial strength. We emerged as a 100% debt-free company with adequate cash reserve for the future course of growth. The future is fast approaching and is brighter. We have emerged as a robust organisation with in-depth industry experience across the value chain; having a credible and young team of professionals; and presence in two fast growing businesses – glass processing and retailing.

The next phase of growth has started taking shape as you read this. India is growing steadily but surely. Rising per capita income, favourable demographic parameters, increasing urbanisation and increased disposable income remain the long-term growth parameters for the real estate sector. We at Sezal have created a strong foundation for each of our present businesses, which have been boosted with revitalised financials and handsome cash reserves.

We shall continue to unearth growth in the glass business by concentrating on the value-added and retailing segment. The process of value-creation has already begun. And we would as usual, continue leading the change towards a better future; towards sustainable growth; towards expanding stakeholders' value. For we are aiming at the **next. Now.**

Amrrut S. Gada

Chairman & Managing Director