

# **Annual Report**

## **1998 - 99**



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**C A N A G L A S S L I M I T E D**

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# ANNUAL REPORT 1998-99

## Board of Directors

Mr. P.K. Pillai	<i>Chairman &amp; Managing Director</i>
Mr. Rajesh Pillai	<i>Executive Director</i>
Mrs. Sunita Hariharan	<i>Executive Director</i>
Mr. R.G. Pai	
Mr. D. N. Gupta	

## AUDITORS

### **P. T. Chhatpar & Co.**

*Chartered Accountants*

H-10, Bhavna Building,

S. V. Road,

Kandivali (West),

Mumbai - 400 067.

## BANKERS

### **Union Bank of India**

Industrial Finance Branch,

Union Bank Bhavan,

Nariman Point,

Mumbai - 400 021.

## REGISTERED OFFICE

66, Udyog Bhavan,

Sonawala Road,

Goregaon (E),

Mumbai - 400 063.

## WORKS

Sanaswadi, Shirur Taluka,

Dist. Pune 412 208.

## REGISTRAR & SHREE TRANSFER AGENTS

### **M/s. Online Share Management Services Limited**

2, Bandra Hill View Co-op. Socy. Ltd.,

3rd Floor, 85, Hill Road,

Bandra (W), Mumbai - 400 050.

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## CANA GLASS LIMITED

## NOTICE

The Eleventh Annual General Meeting of CANA GLASS LIMITED will be held at the registered office at 66, Udyog Bhavan, Sonawala Road, Goregaon (E), Mumbai 400 063, on Monday, March 27, 2000 at 10.00 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and the Audited Profit and Loss Account for the year ended September 30, 1999 and the Balance Sheet as at that date and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. D. N. Gupta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**Special Business**

4. To consider and if thought fit, to pass with or without any modifications, the following resolution as a Special resolution :

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 this meeting hereby approves/ratifies the appointment of Mrs. Sunita Hariharan as Whole Time Director of the company, for a period of 5 years with effect from August 1, 1998 on terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the company with her submitted to the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter or vary the terms and conditions of the said appointment and / or Agreement, so as not to exceed the limits, if any specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mrs. Sunita Hariharan or as may be varied by the General Meeting.

5. To consider and if thought fit, to pass with or without any modifications, the following resolution as a Special resolution :

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 this meeting hereby approves/ratifies the appointment of Mr. Rajesh K Pillai, as Whole Time Director of the company, for a period of 5 years with effect from August 1, 1998 on terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the company with him submitted to the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter or vary the terms and conditions of the said appointment and / or Agreement, so as not to exceed the limits, if any specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. Rajesh K Pillai or as may be varied by the General Meeting.

6. To consider and if thought fit, to pass with or without any modifications, the following resolution as a Special resolution :

**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 314 and other applicable provisions, if any, of the Companies Act, 1956 this meeting hereby approves/ratifies the appointment of Mr. P. K. Pillai as Managing Director of the company, for a period of 5 years with effect from August 1, 1998 on terms and conditions including remuneration as are set out in the draft Agreement to be entered into by the company with him submitted to the meeting, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter or vary the terms and conditions of the said appointment and / or Agreement, so as not to exceed the limits, if any specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be agreed to between the Directors and Mr. P. K. Pillai or as may be varied by the General Meeting.

By Order of the Board

PK. PILLAI  
CHAIRMAN & MANAGING DIRECTOR

Date : February 28, 2000  
Place : Mumbai

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## Notes

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER**
- b. The Register of Members and the Share Transfer Books of the company will be closed from Saturday, March 25, 2000 to Monday, March 27, 2000, both days inclusive.
- c. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the registered office of the company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- d. Members should bring the attendance Slips duly filled in for attending the meetings.

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

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under item Nos. 4 to 6 of the accompanying Notice dated February 28, 2000.

### Item No. 4

Mrs. Sunita Hariharan was appointed as a Whole time Director for a period of 5 years commencing from August 1, 1993. The Board of Directors at the meeting held on September, 1998 has decided to reappoint her as a Whole time Director on remuneration as set out below :

- A. **Period of Agreement :** Five years with effect from August 1, 1998.
- B. **Remuneration :** Basic Salary Rs. 10000/- (Rupees Ten thousand only) per month.  
Commission : 1% of the Net profit of the company.

- C. **Perquisites :** Restricted to an amount equal to the annual salary. The perquisites are classified into the following three categories :

#### Category A :

##### 1. Housing :

The wholtime Director shall be entitled to free unfurnished accomodation or house rent in lieu thereof, gas, electricity and water in accordance with the rules of the company. The aforesaid perquisites may be in the form of reimbursement or allowance but restricted to the amount of Basic Salary. For the purpose of calculating the above ceiling, the perquisites shall be valued as per Income Tax Rules, wherever applicable.

##### 2. Medical reimbursement :

Expenses incurred for the wholtime director and her family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years or as applicable under the Income Tax Act, 1961.

##### 3. Leave Travel :

For the whole time director and her family once in a year incurred in accordance with the rules specified by the company.

##### 4. Personal Accident Insurance :

On an amount of premium of which shall not exceed Rs. 5000/-.

For the purpose of Category A, family means the spouse the dependent children and dependent parents of the whole time Director.

#### Category B :

1. The company's contribution of Provident Fund, Superannuation Fund or Annuity Fund in respect of salary paid to the wholtime Director shall be in accordance with the Rules and regulations of the company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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2. Gratuity at the rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 100000/-.
3. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisites.

## **Category C :**

Provision of car for use of the company's business and telephone at residence provided that personal long distance calls on the telephones and use of car for private purpose shall be billed by the company to the wholetime Director.

## **Minimum Remuneration**

If in any financial year during the currency of tenure of the Wholetime Director, the company has no profits or its profits are inadequate, the Wholetime Director shall be entitled to minimum remuneration by way of Basic salary, perquisites and allowances not exceeding the ceiling down in Schedule XIII to the Companies Act, 1956 provided that following perquisites which are allowed to her shall not be included in the computation of this ceiling :

- i. Contribution to Provident Fund, Super Annuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- ii. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

None of the Directors of the company is in any way interested in the said resolution except Mrs. Sunita Hariharan, being the appointee herself, is interested in the proposed resolution to the extent of the remuneration payable to her and her relatives, Mr. Rajesh Pillai, a wholetime Director, and Mr. P.K. Pillai, Managing Director.

The Directors recommend this resolution for the approval of the shareholders.

This Explanation together with the accompanying Notice is and should be treated as an Abstract of the Terms of appointment of the Wholetime Director under Section 302 of the Companies Act, 1956.

## **Item No. 5**

Mr. Rajesh K Pillai, was appointed as a Whole time Director for a period of 5 years commencing from August 1, 1993. The Board of Directors at the meeting held on August 28, 1998 has decided to reappoint him as a Whole time Director on remuneration as set out below :

- A. Period of Agreement :** Five years with effect from August 1, 1998.
- B. Remuneration :** Basic Salary Rs. 10000/- (Rupees Ten thousand only) per month.  
Commission : 1% of the Net profit of the company.
- C. Perquisites :** Restricted to an amount equal to the annual salary. The perquisites are classified into the following three categories :

## **Category A :**

### **1. Housing :**

The wholetime Director shall be entitled to free unfurnished accomodation or house rent in lieu thereof, gas, electricity and water in accordance with the rules of the company. The aforesaid perquisites may be in the form of reimbursement or allowance but restricted to the amount of Basic Salary. For the purpose of calculating the above ceiling, the perquisites shall be valued as per Income Tax Rules, wherever applicable.

### **2. Medical reimbursement :**

Expenses incurred for the wholetime director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years or as applicable under the Income Tax Act, 1961.

### **3. Leave Travel :**

For the wholetime Director and his family once in a year incurred in accordance with the rules specified by the company.

### **4. Personal Accident Insurance :**

Of an amount of which premium shall not exceed Rs. 5000/- per annum.

For the purpose of Category A; family means the spouse the dependent children and dependent parents of the whole time Director.

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## **Category B :**

1. The company's contribution of Provident Fund, Superannuation Fund or Annuity Fund in respect of salary paid to the wholetime Director shall be in accordance with the Rules and regulations of the company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity at the rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 100000/-.
3. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisites.

## **Category C :**

Provision of car for use of the company's business and telephone at residence provided that personal long distance calls on the telephones and use of car for private purpose shall be billed by the company to the wholetime Director.

## **Minimum Remuneration**

If in any financial year during the currency of tenure of the Whoietime Director, the company has no profits or its profits are inadequate, the Whoietime Director shall be entitled to minimum remuneration by way of Basic salary, perquisites and allowances not exceeding the ceiling down in Schedule XIII to the Companies Act, 1956 provided that following perquisites which are allowed to him shall not be included in the computation of this ceiling :

- i. Contribution to Provident Fund, Super Annuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- ii. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

None of the Directors of the company is in any way interested in the said resolution except Mr. Rajesh Pillai, the appointee himself to the extent of the remuneration payable to him and his relatives, Mrs. Sunita Hariharan, a wholetime Director and Mr. P.K. Pillai, Managing Director.

The Directors recommend this resolution for the approval of the shareholders.

This Explanation together with the accompanying Notice is and should be treated as an Abstract of the Terms of appointment of the Whoietime Director under Section 302 of the Companies Act, 1956.

## **Item No. 6**

Mr. P. K. Pillai was appointed as the Managing Director for a period of 5 years commencing from August 1, 1993. The Board of Directors at the meeting held on August 28, 1998 has decided to reappoint him as the Managing Director on remuneration as set out below :

- A. Period of Agreement :** Five years with effect from August 1, 1998.
- B. Remuneration :** Basic Salary Rs. 10000/- (Rupees Ten thousand only) per month.  
Commission : 1% of the Net profit of the company.
- C. Perquisites :** Restricted to an amount equal to the annual salary. The perquisites are classified into the following three categories :

## **Category A :**

### **1. Housing :**

The Managing Director shall be entitled to free unfurnished accomodation or house rent in lieu thereof, gas, electricity and water in accordance with the rules of the company. The aforesaid perquisites may be in the form of reimbursement or allowance but restricted to the amount of Basic Salary. For the purpose of calculating the above ceiling, the perquisites shall be valued as per Income Tax Rules, wherever applicable.

### **2. Medical reimbursement :**

Expenses incurred for the Managing Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years or as applicable under the Income Tax Act, 1961.

### **3. Leave Travel :**

For the Managing Director and his family once in a year incurred in accordance with the rules specified by the company.

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## 4. **Personal Accident Insurance :**

Of an amount of which premium shall not exceed Rs. 5000/- per annum.

For the purpose of Category A, family means the spouse the dependent children and dependent parents of the Managing Director.

### **Category B :**

1. The company's contribution to Provident Fund, Superannuation Fund or Annuity Fund in respect of salary paid to the Managing Director shall be in accordance with the Rules and regulations of the company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
2. Gratuity at the rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 100000/-.
3. Encashment of leave at the end of tenure will not be included in the computation of ceiling on perquisites.

### **Category C :**

Provision of car for use of the company's business and telephone at residence provided that personal long distance calls on the telephones and use of car for private purpose shall be billed by the company to the Managing Director.

### **Minimum Remuneration :**

If in any financial year during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the Managing Director shall be entitled to minimum remuneration by way of Basic salary, perquisites and allowances not exceeding the ceiling down in Schedule XIII to the Companies Act, 1956 provided that following perquisites which are allowed to him shall not be included in the computation of this ceiling :

- i. Contribution to Provident Fund, Super Annuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and
- ii. Gratuity payable at a rate not exceeding half month's salary for each completed year of service.

None of the Directors of the company is in any way interested in the said resolution except Mr. P. K. Pillai, the appointee himself to the extent of the remuneration payable to him and his relatives, Mrs. Sunita Hariharan, a Wholtime Director and Mr. Rajesh K. Pillai, Wholtime Director.

The Directors recommend this resolution for the approval of the shareholders.

This Explanation together with the accompanying Notice is and should be treated as an Abstract of the Terms of appointment of the Managing Director under Section 302 of the Companies Act, 1956.

Agreements in respect of the above are available for inspection at the registered office of the company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

By Order of the Board

Date : February 28, 2000  
Place : Mumbai

P.K. PILLAI  
CHAIRMAN & MANAGING DIRECTOR



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**DIRECTORS' REPORT****Dear Shareholders,**

Your Directors hereby present the Eleventh Annual Report togetherwith the Audited Statements of Accounts for the year ended on September 30, 1999.

(Rs. in lakhs)

**Financial Results**

	<b>1998-99</b> <b>(12 months)</b>	<b>1997-98</b> <b>(18 months)</b>
Sales and other income	<b>157.77</b>	714.26
Gross Loss before interest and depreciation	<b>(144.85)</b>	(162.00)
Add : Interest & Finance charges	<b>(140.51)</b>	(222.94)
Depreciation	<b>( 69.57)</b>	(130.20)
Net loss	<b>(354.93)</b>	(515.14)
Loss brought forward	<b>(1009.95)</b>	(467.50)
Add : Prior Year Sales Tax Liability	---	(27.31)
Loss carried forward	<b>(1364.88)</b>	(1009.95)

**Review of performance**

The performance of the company was largely affected by the fact that the Furnace had to be shut down for nearly 8 months, during the year due to inadequacy of working capital. The operations have since been recommenced from June 7, 1999 after sanction of additional Working Capital limit of Rs.150 Lakhs.

The company has become a sick company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions ) Act, 1985. Accordingly, the company has made a reference to the Board for Industrial Financial Restructuring (BIFR) in terms of Section 15(1) of the aforesaid Act.

**Financial Restructuring**

With a view to revive and revitalise the Company financially, the Company's bankers, Union Bank of India have agreed inter alia to fund the existing dues of Rs. 320 lakhs into Working Capital Term Loan repayable in 16 equal quarterly instalments from October 2000. Further, UBI has disbursed fresh working capital of Rs.150 lakhs secured against a pari passu charge on Fixed Assets with IDBI.

As stipulated by IDBI/UBI the promoters have brought in Unsecured Loans of Rs.30 Lakhs with a view to ensure an early recovery.

Further, the company has also approached IDBI/UBI for waiver of the penal interests and calculation of interest at the present reduced rates, ab initio as a major proportion of the accumulated losses comprise of interest payable to Financial Institutions and banks and Depreciation.

**Directors**

Mr. D.N Gupta retires by rotation and being eligible offers himself for reappointment.

Mr. Gracias Saldhana and Mr. Christopher John, Directors, resigned on September 30, 1999 and November 19, 1999 respectively due to personal reasons. The Board records its sincere appreciation of their contribution.

The nomination of Mr. H. Biswas, Nominee Director of IDBI was withdrawn by IDBI on August 23, 1999. The Board records its sincere appreciation of his contribution.

**Particulars of Employees**

None of the employees have received remuneration of Rs.3,00,000 per annum or Rs. 25,000 per month, if employed for a part of the year. Hence, the question of furnishing particulars as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees ) Rules, 1975 does not arise.