

14TH ANNUAL REPORT 2001-2002

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CANA GLASS LIMITED

ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS :

Mr. P.K. Pillai *Chairman & Managing Director*

Mr. Rajesh Pillai *Executive Director*

Mrs. Sunita Hariharan *Executive Director*

Mr. R.G. Pai

Mr. D.N. Gupta

REGISTERED OFFICE :

66, Udyog Bhavan,
Sonawala Road,
Goregaon (E),
Mumbai 400 063.
Ph: 876 55 70/71. Fax: 876 55 58.

REGISTRAR & SHARE TRANSFER AGENTS :

M/S. PURVA SHAREREGISTRY (INDIA)

PRIVATE LIMITED

31, Printing House,
26-D, Police Court Lane,
Behind Old Handloom House,
Fort, Mumbai 400 001.

Ph. No: 26 7067, 2632967. Fax: 2626407

Email: basicomp@viasbm01.vsnl.in

AUDITORS :

M/S. P.R.G. PAI & CO.,
Chartered Accountants
29/30, K.S. Nana Patil Marg,
(Baroda Street), Iron Market,
Masjid (E), Mumbai 400 009.

BANKERS :

UNION BANK OF INDIA
Industrial Finance Branch,
Union Bank Bhavan,
Mariman Point,
Mumbai 400 021.

WORKS :

Sanaswadi, Shirur Taluka,
Dist. Pune 412 208.

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NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of the Company will be held on 30th day of September, 2002 at the Registered Office of the Company situated at 66, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai 400 063 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Balance Sheet as at 31st March, 2002 and the Audited Profit and Loss Account for the year ended 31st March, 2002 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R.G. Pai, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

**By Board of Directors
For CANA GLASS LIMITED**

Registered Office.
66, Udyog Bhavan,
Sonawala Road, Goregaon (East),
Mumbai 400 063.

MANAGING DIRECTOR

Place : Mumbai
Dated : 30th August, 2002

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy from, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

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DIRECTORS' REPORT

To
The Members,

Your Directors present herewith the Fourteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2002.

1. FINANCIAL RESULTS	(Rs. in Lacs)	(Rs. in Lacs)
	Year Ended 31/3/2002 (Twelve Months)	Period Ended 31/3/2001 (Six months)
Sales and other income	48.95	60.13
Gross loss before interest and depreciation	(115.14)	(76.97)
Add : Interest and finance charges	(176.60)	(79.50)
Depreciation	(62.26)	(34.00)
Net loss	(354.00)	(190.47)
Add : Loss brought forward	(1893.50)	(1703.03)
Loss c/f.	(2247.50) =====	(1893.50) =====

2. DIVIDEND

Your Directors do not recommend any dividend on the Equity Share Capital of the Company as the company is having accumulated losses.

3. OPERATIONS

The management of the company was largely affected due to labour unrest at the factory. The factory was under lockout since 10th October 2000. The management was able to lift the lockout effective from 1.10.2001 after signing a 3 year agreement with the Workers Union. The company was required to carry out some repair, overhaul and maintainance jobs to furnace and Plant & machinery before restart of the operations. Besides, the company has also effected Batch house modernisation by setting up outside cullet processing system, which includes Sieving, Crushing, Washing, Sorting, Magnetic Particle Separation & Storage. This will help the company to improve the quality of Molten Glass and increase the capacity of the Batch & cullet handling, thus increasing the capacity to draw Molten Glass, besides reducing worker strength in the Batch House.

One 750 KVA DG Set has been taken on hire from M/s. Cummins Power Solution Ltd, so that production activity can be continued during power staggering of 16-18 hours on Thursdays and innumerable trippings and power cuts on most days, which accounts for approx. 10% of the total Machine days available.

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The company could start operations only in May 2002 despite having reopened the plant & lifted the lockout in October 2001. That was because MSEB asked for additional Rs. 12.50 lacs towards SLC, SCC, Security Deposit & installation of KIOSK before reconnection of power inspite of down payment of Rs.20 lakhs made by company. The company managed to get the demand of MSEB reduced and finally made a payment of Rs.2.90 Lacs for reconnection of power. This has resulted in a delay in starting of operations. In the mean time the company also got the permission to extend the sales tax deferment scheme by another 21 months from SICOM Ltd.

FINANCIAL RESTRUCTURING

In the joint meeting held on 1st November 2001 with Representatives of IDBI, UBI, & GOM, it was decided that the company should be given 6 months time to restart its operations on its own without any financial support from IDBI/UBI and demonstrate its ability to achieve the level of production, sales and profitability as projected in the revival proposal under consideration. The promoters along with its Business associates have invested funds to the tune of Rs.134 lacs (approx.) towards restart of the operations. The company was also allowed to open a NO LIEN Account with the UBI for this purpose. Considering the delay and restarting the operations only in May 2002, the next review meeting is now scheduled to be held in November 2002, during which a suitable revival scheme will be finalised. UBI/IDBI have also appointed a concurrent auditor to review the performance every month.

4. DIRECTORS

Shri R.G. Pai retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for re-appointment.

5. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In terms of 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, your Directors wish to state that the same is given in the Annexure forming part of this Report.

6. FIXED DEPOSITS

The Company has not accepted any deposits from the public.

7. PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended is not given as there was no employee drawing the salary as per the limits mentioned in the said Section and Rules.

8. CORPORATE GOVERNANCE

The Board of Directors of the Company consists of Two Wholetime Directors and One Managing Director. The Chairman of the Board is the Managing Director.

The Chairman and the Two Wholetime Directors are non-retiring Directors. Out of the remaining one-third rounded off to One director retires every year and is eligible for re-appointment.

Managing and Wholetime Directors are appointed by the shareholders for a maximum period of five years and are eligible for re-appointment.

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During the financial year, 2001-2002, the Board met ten times and the Share Transfer Committee of the Board met 17 times. All Board Meetings were well attended.

The Board appoints committees for specific matters as and when needed.

The Board Members recognize that there should not be any conflict of interest in discharging their responsibilities as Directors of the Company.

The Meetings of the Board are held in Mumbai, the dates of the meeting are fixed in advance. The Board meetings are held at least once in every quarter. The Board members have access to all information regarding the Company and are free to recommend inclusion and deletion of any matter in the Agenda for discussion.

The Audit Committee consists of Two Non-Executive Directors and one Managing Director. The Members of the Committee are well versed in financial matters, accounts, company law and general business practices. The Committee reviewed the progress during the period. There was no requirement of internal auditor as the factory remained closed for major part of the year & its operations remained closed during the year.

The Company communicates with the shareholders through direct mail, public notice and interaction at General Meetings. Presentations are also made to the Analysts on specific requests. Purva Share Registry (India) Pvt. Ltd., the Registrar and transfer agent of the Company communicates with the investors as and when required and attends to their requests.

The Directors would like to report that there is no materially significant related party transaction during the year. There has been no incidence of non-compliance by the Company of any statutory regulations on any matter relating to the capital market since last many years.

9. LISTING OF SHARES

The Company's shares are listed on Mumbai Stock Exchange. The Company is yet to pay listing fees for the year 2002-2003.

10. INSURANCE

All the assets of the Company are adequately insured.

11. HUMAN RESOURCES

The relationship of your Company with its employees improved during the year. The Company is paying full attention in the development of Human Resources at all levels by group discussions, job related training etc. The Company appreciates the value of maintaining high morale amongst its employees and has always endeavored to keep it at highest level.

The management was successful in entering into a 3 year agreement with the Labour Union i.e. Maharashtra Labour Union. The new agreement is covering period from 1.1.2002 to 31.12.2004. The lockout was lifted on 1.10.2001.

12. AUDITORS

M/s. P.R.G. Pai & Co., Chartered Accountants retire at the forthcoming Annual General Meeting and

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being eligible offer themselves for re-appointment. You are requested to appoint them and fix their remuneration.

13. DIRECTORS RESPONSIBILITY STATEMENT

That in the preparation of the Annual Accounts, the applicable accounting standards has been followed alongwith proper explanation relating to material departures.

That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that year.

That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

That the directors had prepared the Annual Accounts on a going concern basis.

14. SEGMENT REVIEW & ANALYSIS

It is a single product company. (Manufacturing of Glass Items : Bottles, Vials etc.)

15. ACKNOWLEDGEMENT

The Board wishes to place on records its appreciation to all its bankers, shareholders, customers and employees for their co-operation.

For and on behalf of the Board
For CANA GLASS LIMITED

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P.K. PILLAI
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Date : 30th August, 2002.

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ANNEXURE A TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken.

1. The company has gone in for double pass regenerative furnace which is relatively fuel efficient.
2. The factory Shed has been designed with a view to maximise utilization of natural light in the plant. The plant also has a forced ventilation system which obviates the necessity of Air Circulators thereby conserving energy.
3. Appropriate gauges have been installed to control and monitor the consumption of LPG and Furnace oil.
4. Motors of optimum capacity are being used.

b. ADDITIONAL INVESTMENTS AND PROPOSALS FOR REDUCTION OF CONSUMPTION OF ENERGY

Efforts are being made to locate the other possible areas where the conservation of energy can be effected. Further, investments will be considered after identification of these areas

c. IMPACT OF THE ABOVE MEASURES

Energy consumption is under strict control.

d. TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.

FORM A

	01.04.2001 to 31.03.2002 (12 Months)	01.10.2000 to 31.03.2001 (6 Months)
1. Power & Fuel consumption :		
Electricity		
Purchased (Units)	Nil	107,687
Total amount (Rs.)	Nil	1,661,823
Rate per unit (Rs.)	Nil	15.43
* During the year there was no power supply from MSEB. However minimum demand charges, interest & DPC are charged by them.		
Furnace Oil		
Consumed (Ltrs)	Nil	51,900
Total Amount (Rs.)	Nil	544,042
Rate per Ltrs (Rs.)	Nil	10.48
Liquified Petroleum Gas		
Consumed (Kgs)	Nil	8,010
Total amount (Rs.)	Nil	160,008
Rate per Kgs (Rs.)	Nil	19.98