

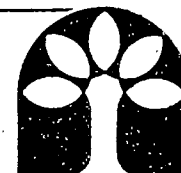
MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



EXCEL GLASSES LIMITED

27th ANNUAL REPORT

1997 - 1998



PARIJAT
ENTERPRISES



EXCEL GLASSES LIMITED

BOARD OF DIRECTORS

S. J. PAREKH
Dr. V. P. SHAH
C. K. RAMACHANDRAN
REVI KARUNAKARAN
SUSHEEL G. SOMANI
SURENDRA SOMANI
RAVINDRA SOMANI
PRASHANT SOMANI

Chairman

Nominee of ICICI
Nominee of KSIDC

Executive Director
Managing Director

EXECUTIVES

T. C. THOMAS
B. G. AGARWAL
SANJAY KABRA

Vice-President (Technical)
Vice-President (Commercial)
G. M. (Finance)

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AUDITORS

JOSEPH & NAMPIATHIRI
Chartered Accountants, Alleppey

BANKERS

STATE BANK OF TRAVANCORE
THE SOUTH INDIAN BANK LTD.

REGISTERED OFFICE & WORKS

UDAYANAGAR
Pathirapally
Alleppey - 688 521
Kerala

CORPORATE OFFICE

PARIJAT HOUSE
2nd Floor
1076, Dr. E. Moses Road, Worli
Mumbai - 400 018

SALES OFFICE

115/34, 1st Floor
8th Cross, Wilson Garden
Bangalore - 560 027.



EXCEL GLASSES LIMITED

REGISTERED OFFICE : UDAYANAGAR, PATHIRAPALLY, ALLEPPEY

NOTICE TO THE MEMBERS

Notice is hereby given that the 27th Annual General Meeting of the company will be held at 11.00 A. M. on Tuesday, the 22nd December, 1998 at the registered office of the company at Alleppey to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 30th June, 1998 and the Balance Sheet as at that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Shri Susheel Somani who retires by rotation and being eligible offers himself for reappointment.
3. To consider, and if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT pursuant to Section 224-A and other applicable provisions, if any, of the Companies Act, 1956, M/s. Joseph & Nampiathiri, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors."

SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass with or without modification, the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and or charging by the Board of Directors of the Company of all the movable and immovable properties of the Company wheresoever situated, present and future, and the whole of the undertaking of the company together with power to take over the management of the business and concern of the Company in certain events, to or in favour of the following namely:

1. Industrial Development Bank of India (IDBI) to secure its Rupee Term Loan of Rs. 365 lacs.
2. The Industrial Credit and Investment Corporation of India Ltd., (ICICI) to secure its Rupee Term Loan of

Rs. 515 lacs. and further in favour of Industrial Finance Corporation of India, Life Insurance Corporation of India, General Insurance Corporation of India, Unit Trust of India, Kerala State Industrial Development Corporation, or any other Financial Institutions, or Banks, to secure any loans upto Rs. 50.00 crores that may be obtained hereafter together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, guarantee commission, remuneration payable to the trustees for the public and/or UTI, costs, charges, expenses and other moneys including any increase as a result of devaluation, revaluation/fluctuation in the rates of exchange of foreign currencies involved, payable by the Company to IDBI & ICICI or any other Financial Institution/Banks under their respective letters of sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said Term Loans.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise with IDBI and ICICI or any other Financial Institutions/Banks documents for creating aforesaid mortgage and/or charge and to do all such acts and things as may be necessary for giving effect to the above resolution.

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.
2. The Register of Members and Share Transfer Register will remain closed from 15th December, 1998 to 22nd December, 1998. (both days inclusive)
3. Members seeking any further information about the Accounts and operations of the Company are requested to send their queries to the Company at the Registered Office, at least 10 days before the date of the Meeting.

By order of the Board of Directors

Sd/-

S. J. Parekh
Chairman

Mumbai
30th October, 1998



EXCEL GLASSES LIMITED

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

ITEM NO:3

The total shareholding of the Financial Institutions and the Kerala State Industrial Development Corporation Ltd., and Insurance Companies being more than 25% of the subscribed capital, the appointment of Auditors M/s. Joseph & Nampiathiri, Chartered Accountants should be by a Special Resolution pursuant to Section 224 of the Companies Act, 1956.

The Board of the Directors recommend the Resolution for the approval of the members.

None of the Directors in any way, concerned or interested in the said Resolution.

ITEM NO: 4.

The Company has approached Industrial Development Bank of India (IDBI) and The Industrial Credit & Investment Corporation of India Ltd., (ICICI) for financial assistance in the form of Term Loan in connection with its project at Udayanagar, Pathirapally, Alappuzha-688 521.

The financial assistance from the above institutions has to be secured by a first mortgage of all the immovable and movable properties of the Company, present and future.

Section 293 (1)(a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such Public Company in General Meeting, sell,

lease or otherwise dispose off the whole or substantially the whole of the Undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Financial Institutions may be regarded as disposal of the Company's properties/undertaking, it is necessary for the members to pass a Resolution under Section 293(1)(a) of the Companies Act, 1956 before creation of the said mortgage/charges.

Copy of the Letter of Sanction No. 1557/PFD/(EGL) dated 10th September, 1998 received from IDBI and Letter of Sanction No. O2P/4281 dated 29th July, 1998 received from ICICI and copies of the relevant documents/correspondence between the said Institutions and the Company are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. of any working day prior to the date of the meeting.

The Board of Directors recommend the Resolution for the approval of the members.

None of the Directors of the Company is interested in the Resolution except Dr. V. P. Shah who is a Director nominated by ICICI.

By Order of the Board of Directors
Sd/-

Mumbai
30th October, 1998

S. J. PAREKH
Chairman



DIRECTORS REPORT

The Members

Your Directors take pleasure in presenting the 27th Annual Report and the Audited Statement of Accounts for the Financial year ended on 30th June, 1998.

1. FINANCIAL RESULTS :	(Rs. Lacs)	
	1997-98	1996-97
Sales Gross	4542	4119
Gross Profit	661	289
Interest	644	504
Depreciation	371	370
Net Profit/ (Loss)	(354)	(585)
Provision for Taxation	-	-
Net Profit/ (Loss) after tax	(354)	(585)
(Balance brought forward from previous year)	(114)	471
	(468)	(114)
Transferred from General Reserve	210	-
Balance carried forward	258	114

2. PERFORMANCE V/S PROJECTIONS :

Details of Performance for the year ended 30-6-98 vis-a-vis Projections for the year ended 31-3-98 (as contained in the letter of offer dated 25-1-96) are given below for comparison. The anomaly in the financial years compared is due to change in the accounting year of the Company.

	Performance Year Ended 30-6-98	Projections Year Ended 31-3-98
Installed capacity (MT)	62050	62050
Capacity utilisation %	72%	80%
Production (MT)	44448	49640
	Rs. in Lacs	Rs. in Lacs
Net Sales	4542	4316
PBDIT	661	1382
Depreciation	371	353
Interest	644	343
PBT	(354)	686
Prel. Expenses w/off	-	10
Tax	-	-
PAT	(354)	676
Equity	434	440
Reserves	1515	3380
Net worth	1949	3820
Total Debt	3563	1745
Per Share	Rs.	Rs.
EPS	(8.05)	15.36
CEPS	0.39	23.40
BV	44.91	86.82

3. REVIEW OF PERFORMANCE :

a. Production and Turnover :

	Year Ended 30-6-98	Year Ended 30-6-97	Growth %
PRODUCTION MT	44448	41107	8.13%
SALES MT	43463	40131	8.30%
SALES VALUE Rs. LACS	4542	4119	10.27%

b. Marketing :

The offtake from liquor industry was steady during the period under review in contrast to the general slow down in the other sectors of the economy.

The lifting of prohibition in the state of Andhra Pradesh with effect from May 97 and cut back in liquor duty in Kerala State reinstated the Demand.

c. Power situation :

Power restrictions during evening peak load hours and power cuts (ranging from 75% in July 97 to 30% in December 97) were in force during the period under review. The Company was constrained to procure High Cost Power wheeled by KSEB from West Bengal at excessively high Tariffs compared to KSEB rates from December 97 till July 98. The situation has improved thereafter and the Company expects relief in the next fiscal in power availability and costs.

d. Profitability :

Despite low sales realisation the company has improved margins by achieving economies in the procurement of material. The Company has also improved efficiencies and productivity with sustained efforts at all levels.

4. ISSUE OF CAPITAL :

The Company has issued 14.50% Cumulative Redeemable Preference Shares aggregating 9.03 crores in September / October 98 in Private Placements to Institutions (4.03 cr.) and Promoters (5.00 cr).

The Debt : Equity ratio has consequently improved in the current year and the Company expects savings in Interest outgo in the next year.

5. OUTLOOK FOR 1998-99 :

Pursuant to satisfactory sales growth, further improvements in efficiencies and lower interest costs and barring unforeseen eventualities, your Company expects improvement in Performance during the current year.



EXCEL GLASSES LIMITED

6. INDUSTRIAL RELATIONS :

The Industrial relations have been by and large cordial and satisfactory throughout the year.

7. PARTICULARS IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO :

The information in accordance with Clause (e) of the sub-section (i) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 30th June, 1998 is given in Annexure I of this report.

8. PARTICULARS OF EMPLOYEES :

The information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of the Employee) Rules, 1975 and forming part of the Directors' Report for the year ended 30th June, 1998 is given in Annexure II of this Report.

9. AUDITORS :

M/s. Joseph and Nampiathiri, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter to the effect that their appointment, if made, would be within the limits under Section 224 A of the Companies Act, 1956. Accordingly you are requested to re-appoint the Auditors and fix their remuneration.

10. DIRECTORS :

Shri Susheel G Somani retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

11. ACKNOWLEDGEMENT :

We record our deep sense of gratitude to the Financial Institutions, Bankers, Valued Customers, Central and State Government Departments and Local Authorities for their continued support and co-operation.

We also place on record our sincere appreciation of the total commitment, dedication and hard work being out in by every member of Excel Glass Family to turn around the Company.

On behalf of the Board of Directors

Sd/-

Place : Mumbai
Date : 30th October, 1998

S. J. PAREKH
Chairman

ANNEXTURE I**A. CONSERVATION OF ENERGY :****a. Energy Conservation measures taken.**

1. By optimisation of annealing temperatures and introduction of dampers the electrical energy consumption of lehns were brought down.
2. Power factor improved.
3. Drive on one Compressor and one Chimney blower were changed to energy efficient drive on trial.
4. Energy audit conducted by Confederation of Indian Industries (Energy Management Cell).
5. Use of Cullet (broken glass) in glass batch is increased.

b. Additional Investments and Proposals being implemented.

1. Order placed for equipments for synchronising our D. G. Set with K. S. E. B. supply during power changeover.
2. Load Monitoring Equipments ordered for studying load pattern and consumption of various electrical loads.
3. Proposals for introducing inverter drives for I. S Machine Blowers is under active consideration.
4. Plans are underway to replace the old compressor drive motors with energy efficient motors.

c. Impact of measures (a) & (b) on reduction of energy consumption :

1. Electrical Energy Consumption of annealing lehns have come down by 10%.
2. Maximum Demand chargeable has come down by 18% in total from 1995-96 levels.
3. Specific fuel consumption in glass melting has improved by 2.5%.

d. Total Energy Consumption and Consumption per unit :

Please see Form A

B. TECHNOLOGY ABSORPTION :

Please see Form B

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Activities relating to Exports :

Continued exports to Srilanka

Total Foreign Exchange, used (Including value of material purchased in High Seas) and earned.

Used : Rs. 415 lacs (Pr. Yr. Rs. 127 lacs)

Earned : Rs. 30 lacs (Pr. Yr. Rs. 74 lacs)

**FORM A**

	Year Ended 30-06-98	Year Ended 30-06-97	Amount (Rs. Lacs)	97.71	110.94
			Average Rate (Rs. /MT)	13761	16055
A. POWER & FUEL CONSUMPTION					
1. ELECTRICITY :			iii. HSD		
a. Purchased			Quantity (KL)	996	2897
i. Units ('000 KWH)	14668	9780	Amount (Rs. Lacs)	91.54	255.87
Amount (Rs. Lacs)	307.07	155.21	Average Rate (Rs. /MT)	9191	8831
ii. Avg. Rate/Rs./KWH	2.09	1.59	IV. FURNACE OIL		
b. Own generation			Quantity (KL)	5385	41
(through Diesel Generator)			Amount (Rs. Lacs)	331.62	2.67
i. Units ('000 KWH)	3407	6909	Average Rate (Rs. /MT)	6158	6512
ii. Units/ ltr of Diesel	4.13	3.55	v. LDO		
iii. Avg. Rate/Rs./KWH	2.24	2.47	Quantity (KL)	480	-
			Amount (Rs. Lacs)	41.32	-
			Average Rate (Rs. /MT)	8609	-
2. FUEL :			B. CONSUMPTION PER UNIT OF PRODUCTION		
i. L. S. H. S			Power Consumption :	Kwh	407
Quantity (MT)	1601	6224	Fuel Consumption :		406
Amount (Rs. Lacs)	127.30	455.32	LSHS	Kgs	36
Average Rate (Rs./MT)	7951	7315	LPG	Kgs	16
ii. L. P. G.			HSD (Excluding for DG Set)	Litres	3
Quantity (MT)	710	691	Furnace Oil	Litres	121
			LDO	Litres	11

FORM B**A. RESEARCH & DEVELOPMENT (R & D)**

- a. **Specific area of R & D :** In house work in progress for optimisation of use of various melting accelerations. completed at MRDC (Divn. of IRE) for removal of heavy minerals.
- b. **Benefits derived as a result of the above :** Glass melting has improved, seed count has gone down and specific fuel consumption improved. (b) Improved manufacturing process to increase life of mould equipments.
- c. **Future Action Planned :** To develop and adopt appropriate technology to improve quality and reduce cost of production. **Benefits derived**
Improvement in quality of glass containers and reduction in cost of production.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**I. Efforts made :**

- (a) Silica Sand Beneficiation : Pilot studies are

II. Details of Technology imported during the past 5 years :

No technology was imported in the last five years.

ANNEXURE II

**STATEMENT CONTAINING PARTICULARS OF EMPLOYEES REFERRED TO IN
THE DIRECTORS REPORT FOR THE YEAR ENDED 30-6-98 AND FORMING PART THEREOF :**

Name	Designation/ Nature of Duties	Qualifications	Experience	Date of commencement	Remuneration	Age	Previous Employment
Prashant Somani	Managing Director	B.Com	28 years	8-8-1984	577580	46	Industrialist
Ravindra Somani	Executive Director	Inter-Commerce	30 years	10-8-1991	367633	50	Industrialist
T. C. Thomas	Vice President (Technical)	B.Sc. (Engg.)	34 years	27-8-1991	391346	57	Chief Executive Mohan Breweries
B. G. Agarwal	Vice President (Commercial)	M. Com, LLB	38 years	1-1-1997	347663	58	General Manager Tecil Hydro Power & Chemicals Ltd.
Sanjay Kabra	General Manager (Finance)	B.Com, F. C. A	16 years	1-6-1992	361173	40	--

Note : Remuneration includes Salary, Commission, Contribution to Provident Fund and value of Taxable perquisites and other payments.



AUDITORS' REPORT

To
THE MEMBERS OF
EXCEL GLASSES LIMITED

We have audited the attached Balance Sheet of Excel Glasses Limited as at 30th June, 1998 and also the profit and loss Account of the Company for the year ended on that date and report that:

1. (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) Proper Books of Account as required by law have been kept by the Company so far as it appears from our examination of the books.
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (d) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with other notes thereon and schedules thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 30th June, 1998 and
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
2. As required by the Manufacturing and other Companies (Auditors' Report) order, 1988 and on the basis of such checks of the books and records of the company as we considered appropriate and on the basis of the information and explanations given to us during the course of our audit, we further report as under:
 - i) In respect of all fixed assets proper records showing full particulars including the quantitative details and situations are maintained. The physical verification of the fixed assets have been made by the Management at reasonable intervals and we are informed that no material discrepancies have been noticed.
 - ii) The Company has not revalued any of the fixed assets during the year.
 - iii) The physical verification in respect of finished goods,

stores, spare parts and raw materials has been conducted by the Management at reasonable intervals.

- iv) In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
- v) On the basis of our examination of Books we are satisfied that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles. The basis of valuation of stocks is the same as in preceding year.
- vi) No material discrepancies have been noticed in physical verification of stocks as compared to book records.
- vii) The Company has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 and/ or from Companies as defined under Section 370 (IB) of the Companies Act, 1956.
- viii) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 370 (IB) of the Companies Act, 1956.
- ix) The Company has not granted any loans or advances in the nature of loans excepting advances to the employees in the normal course of business which are being regularly repaid in instalments.
- x) There is adequate internal control procedure system commensurate with the size of the Company and the nature of the business for the purchase of stocks, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
- xi) The transactions of purchases of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market price for such goods, materials or services or the prices at which transactions of similar goods or services have been made with other parties.
- xii) The unserviceable or damaged stores, raw materials and finished goods have been determined and provision for the same has been made in the accounts.