

SIXTEENTH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	NA		NY	NA
RO	✓		W	NA
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		



STERLING

SANITARYWARE

Certified True Copy

For GMB CERAMICS LTD

[Signature]
Managing Director

GMB Ceramics Ltd.



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GMB Ceramics Ltd.

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BOARD OF DIRECTORS

Shri N.C. Saha (Nominee of IFCI)
Shri B.N.R. Patnaik (Nominee of IPICOL)
Shri R.D. Bansal
Shri N.G. Khaitan
Shri S.C. Jain
Shri R.N. Dey
Shri A.R. Thiagarajan
Shri Gaurang Jalan
Shri R.A. Jalan, Managing Director

AUDITORS

G. K. Tulsyan & Company
Chartered Accountants

BANKERS

Indian Bank

REGISTERED OFFICE

Rajgangpur 770 017
Sundergarh, Orissa

HEAD OFFICE

25, Ganesh Chandra Avenue
Calcutta 700 013

WORKS

IDCO Industrial Estate
Somnathpur
Balasore 756 001
Orissa

GMB Ceramics Ltd.

NOTICE

Notice is hereby given that Sixteenth Annual General Meeting of the Members of GMB CERAMICS LIMITED will be held at the Registered Office at Rajgangpur - 770 017, District Sundergarh (Orissa) on Monday the 28th December, 1998 at 11.00 a.m. to transact the following Business :-

ORDINARY BUSINESS

- 1) To Consider and adopt the Audited Balance Sheet as at 31st March, 1998 and Profit & Loss Accounts for the year ended on that date, together with Report of the Directors and Auditors thereon.
- 2) To appoint Director in place of Sri Gaurang Jalan, who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint Director in place of Sri R.N. Dey, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors & fix their remuneration.

By Order of the Board

Place : Calcutta

Date : 17th November, 1998.

R. A. Jalan
Managing Director

NOTES :

- (a) 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.
Proxy in order to be effective must be received by the company not later than 48 hours before the commencement of meeting.
- (b) The Register of Member and Share Transfer Books of the Company will remain closed from 17-12-98 to 28-12-98 (both days inclusive).



DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the 16th Annual Report and Audited Accounts of the Company for the year ended 31st March, 1998.

REVIEW

This year, also, the Company could not be revived despite its best efforts. Due to various constraints the management of the Company was forced to declare a lock-out in its factory from 15.11.1997.

As the Company could not submit any concrete revival proposal, the IFCI, the Operating Agency of the Company, pursuant to the directive of the BIFR on 8.1.98, had advertised inviting offers for takeover/merger of the Company from interested parties. After release of the advertisement, no concrete proposal was received by the IFCI, and, as a result, BIFR, formed a prima facie opinion to wind up the Company u/s 20 (1) of the SICA Act, 1985, and a Show Cause Notice to that effect was sent to all the concerned parties, fixing a hearing on 14.9.98 in its office to hear suggestions/objections from interested parties.

In the hearing held on 14.9.98, BIFR, after observing the encouraging statistics of the sanitaryware industry which was doing very well, and more particularly of the major players, who were running at very high capacity utilisation and whose sales and profitability were showing a continuous upward trend, and also considering the representations made by the Govt. of Orissa and the Company for extension of time for pursuing any other route for rehabilitation of the unit, decided to try the route of section 18(2)(i) under the SICA Act, 1985, as all the normal channels of rehabilitation had already been explored, and, accordingly, directed the Operating Agency, IFCI, to assess and fix a realistic and market related fixed price which could be realised if the assets of the company were sold without all its liabilities to some party, for the purpose of running it as a composite unit.

ARBITRATION

The two arbitrations had since differed in their individual awards, and, pursuant to the Order of the Calcutta High Court as per the application made by the Company, the matter was referred to a sole umpire, Mr. Justice Murari Mohan Dutt, a retired judge of Supreme Court of India. The time for giving the award by the new Umpire has been fixed for 31.1.1999.

DIRECTORS

BIFR nominated Sri R. C. Jain as its nominee Director on the Board on 19.8.97 in place of

GMB Ceramics Ltd.

Sri V. Krishnan, Sri R.C. Jain also resigned as Special Director of the Company with effect from 2.2.98.

Sri H.V. Lodha resigned as Director of the Company with effect from 17.12.97.

The Board places on record its deep appreciation of the valuable contributions made by Sri V. Krishnan, Sri R.C. Jain and Sri H.V. Lodha during their tenure of office as Special Directors and Directors of the Company, respectively.

In accordance with the provisions of the Companies' Act, 1956, and the Articles of Association of the Company, Sri Gaurang Jalan and Sri R.N. Dey, who retire by rotation and are eligible, offer themselves for reappointment.

AUDITORS

M/s G. K. Tulsyan & Co., the auditors of the Company will retire at the forthcoming Annual General Meeting and are eligible for reappointment.

The observations made in the Auditors' Report are self explanatory and do not require further clarification.

DISCLOSURES

The information as required under 217(1)(e) of the Companies Act, 1956, read with (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is set out in the Annexure forming part of this report.

EMPLOYEES

During the year ended under review none of the employees of the company has received remuneration in excess of limits specified in Section 217(2A) of the Companies' Act, 1956.

ACKNOWLEDGEMENT

Your Directors thankfully acknowledge cooperation received by the Company from Financial Institutions, Banks, Central & State Governments, BIFR, Suppliers and Customers.

Place : Calcutta
Date : 17th November, 1998.

By Order of the Board

R. A. Jalan
Managing Director



ANNEXURE TO DIRECTORS REPORT

II. Information as per Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 1998

A. CONSERVATION OF ENERGY

- a) Energy Conservation measure taken : Factory is under lock-out from 15.11.97, and, therefore, measures for conservation of energy need not necessarily be taken
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy : Nil
- c) Impact of the measures at (a) & (b) for reduction of energy consumption and consequent result on the cost of production : Nil
- d) Total energy consumption per unit of production : Power & Fuel consumption : 31.3.28 31.3.97

I. Electricity

- (a) Purchased Units (KWH) : 291030 404541
- Total amount (Rs.) : 2593264 13,43,590
- Cost per Unit (Rs.) : 8.91 4.00
- (b) Own Generation (Captive D.G. Sets)
- Units (KWH) : —
- Units/Ltr. of Diesel Oil (Rs.) : 112699 43524
- Rate per Ltr (Rs.) : 10.72 9.40

II. L.P.G.

- Quantity (M.T.) : 49 124
- Total cost (Rs.) (Landed cost) : 797901 2005038
- Rate per M.T. (Rs.) : 16284 16119
- Consumption Per Unit of Production
- Electricity Kwh : 1130/ton 809/ton
- L.P.G. (M.T.) : 120/ton 183/ton

B. TECHNOLOGY ABSORPTION

- (i) Efforts made in technology absorption : No foreign technology has been adopted and question of absorption of technology does not arise.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- (g) Activities relating to exports initiatives taken to increase exports, development of new export markets for products, services and export plans : The Company is registered as manufacturer exporter. The Company has made exports to Bangladesh.
- (h) Total foreign exchange earned & outgo : (1) Earned Rs. 2,31,685 (42,92,520)
- (2) Outgo Rs. (Nil) (Nil)

FORM - B

Form for disclosure of particulars with respect to absorption of Research and Development (R & D)

The factory was under lock-out from 15.11.97.