

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

CEO	✓	BKC	✓
CS	✓	DPY	NA
EC	✓	DIV	NA
TRA	✓	AC	✓
ADM	✓	SHI	✓
IS	✓		

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EIGHTH ANNUAL REPORT
1996-97



BOARD OF DIRECTORS

Mr. B.L. Kheruka - *Chairman*
Mr. U.C. Kheruka
Mr. P.K. Kheruka
Mr. D. Himatsingka
Mr. D.A. Dadachanji - (*Nominee of ICICI*)
Mr. S. Gopalan - (*Nominee of IDBI*)
Mr. M. Chadha - (*Nominee of IFCI*)
Mr. D.K. Gupta

COMPANY SECRETARY

Mr. Arun Kumar

REGISTERED OFFICE & PLANT

Village - Govali, Taluka - Jhagadia,
District - Bharuch-393 001 (Gujarat).

HEAD OFFICE

Khanna Construction House,
44, Dr. R.G. Thadani Marg,
Worli, Mumbai - 400 018.

AUDITORS

Singhi & Co.
Chartered Accountants

BANKERS

State Bank of India
Bank of Baroda
The Federal Bank Limited

REGISTRARS & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
Unit : Gujarat Borosil Limited
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (E),
Mumbai - 400 093.

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of the Company will be held at the Registered Office of the Company at Village - Govali, Taluka - Jhagadia, District - Bharuch 393 001, Gujarat State on Thursday, 21st August, 1997 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 1997 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. U.C. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging, charging and/or otherwise encumbering all the immovable properties of the Company whatsoever and wheresoever situated, present and future, and the whole or any part of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events of defaults to or in favour of The Industrial Credit and Investment Corporation of India Limited (ICICI), as Trustees, inter alia, of the Debentureholder namely Industrial Finance Corporation of India Ltd. (IFCI) to secure 19.5% Non-Convertible Debentures of the aggregate face value of Rs. 51,50,000 allotted to IFCI by way of private placement and the interest, cost, charges, expenses and all other moneys payable by the Company in respect of the said Debentures.

AND RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to vary and/or alter the terms and conditions of the security aforesaid, in consultation with the Trustees and other mortgages as may be necessary."

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging, charging and/or otherwise encumbering all the immovable and movable properties of the Company whatsoever and wheresoever situated, present and future, and the whole or any part of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of the Banks namely :

(1) State Bank of India (SBI) and

(2) Bank of Baroda (BOB)

to secure repayment of rupee loan of

(i) Rs. 39.03 lacs granted by SBI to the Company; and

(ii) Rs. 60.00 lacs granted by BOB to the Company

together with all interest at the respective agreed rate, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to Banks in terms of their respective Loan Agreements, Hypothecation Agreements, Letters of Sanction, Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of any and all the said loans/ facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds and things as may necessary, appropriate or desirable for giving effect to this Resolution."

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

"RESOLVED THAT, pursuant to Sections 198, 269, 309 and Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, Mr. D.K. Gupta be and is hereby appointed as a Director of the Company and further that consent of the Company be and is hereby accorded to the appointment of and remuneration payable to Mr. D.K. Gupta as a Whole-time Director of the Company with effect from 1st July, 1997 upon and subject to the terms and conditions including the remuneration as set out in the Agreement to be entered into between the Company and Mr. D.K. Gupta, a draft whereof is placed before the meeting and, for the purpose of identification, subscribed by the Chairman of the Board of Directors, with liberty to the Board from time to time to alter, vary or modify the said terms and conditions in such manner as may be agreed upon between the Board and Mr. D.K. Gupta but within the limits specified in that behalf in Schedule XIII to the said Act or amendments thereof or otherwise as permissible at law for the time being in force.

AND FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to this Resolution."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 5TH AUGUST, 1997 TO 21ST AUGUST, 1997 BOTH DAYS INCLUSIVE.
3. THE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF THE SPECIAL BUSINESS AS SET OUT ABOVE IS ANNEXED HERETO.

Date : 28th June, 1997

By Order of the Board

Registered Office :

Village - Govali,
Taluka - Jhagadia,
District - Bharuch 393 001,
Gujarat State.

Arun Kumar
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 4 & 5**

At the Seventh Annual General Meeting, members had passed a resolution under Section 293 (1)(a) of the Companies Act, 1956, consenting to the Company creating mortgage for securing, inter alia, Non-Convertible Debentures allotted on private placement basis, which included Debentures worth Rs. 300 lacs to The Industrial Finance Corporation of India Limited (IFCI). However, IFCI made a higher subscription of Rs. 351.50 lacs as against Rs. 300 lacs, necessitating consent for increased amount from the shareholders in terms of resolution set out at item No. 4 of the accompanying Notice.

Further, State Bank of India and Bank of Baroda have sanctioned additional term loan of Rs. 39.03 lacs and Rs. 60.00 lacs respectively towards interest funding. These loans are required to be secured by mortgage, hypothecation and other charges on immovable and/or movable properties of the Company both present and future and/or the whole or any part of the undertaking of the Company.

In order to create the said mortgage/charge over assets of the Company, it is desirable to obtain the approval of the members of the Company under Section 293(1)(a) of the above Act.

Your Directors recommend passing of the resolutions set out at item nos. 4 & 5 of the Notice.

Except to the extent that Mr. D.A. Dadachanji is nominee Director of ICICI (who are Trustees for the aforesaid Debentures) and Mr. Manu Chadha is nominee Director of IFCI, none of the other Directors may be deemed to be concerned or interested in the resolutions.

Item No. 6

The Board of Directors of the Company had appointed Mr. D.K. Gupta as an Additional Director of the Company with effect from 1st April, 1997. Mr. Gupta was further appointed as Whole-time Director effective 1st July, 1997 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. D.K. Gupta.

Mr. D.K. Gupta has over 30 years of experience in Corporate Sector.

As an Additional Director, he vacates his office at this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 (the Act). Notice under Section 257 of the Act has been received from a member proposing the appointment of Mr. D.K. Gupta as a Director of the Company.

The terms and conditions of the appointment and remuneration payable to him are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and are as follows :

REMUNERATION

- (a) Salary: Rs. 16,500/- per month in the scale of Rs.16,500-Rs. 25,000 with such increments as may be decided by the Board of Directors from time to time.
- (b) Perquisites :
 - (i) Company Leased Accommodation.
 - (ii) Expenditure on electricity, reimbursement at actuals, subject to a ceiling of Rs. 1,600/- per month.
 - (iii) Medical expenses: Self and Family
 - (a) Domiciliary treatment at actuals subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
 - (b) Hospitalisation to be covered by the medical insurance scheme of the Company.
 - (iv) Leave travel assistance for self and family once in a year subject to a ceiling of one month's salary.
- (c) Contribution to Provident Fund - In accordance with the Rules of the Company in force from time to time.

- (d) Earned/privilege leave on full pay as per Rules of the Company.
- (e) Telephone — Telephone at Mr. Gupta's residence for Company's business. Personal long distance calls on telephone shall be billed by the Company to Mr. Gupta.
- (f) Reimbursement of expenses - Reimbursement of travelling, conveyance, entertainment and other expenses incurred by Mr. Gupta during the course of the business of the Company.

The above Agreement shall be valid for a period of five years with effect from 1st July, 1997.

The appointment shall be terminable by either party by giving 3 months' notice in writing.

Subject to the limits laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956, the above remuneration shall be payable to Mr. Gupta even if the Company has no profits or inadequate profits in any financial year during the currency of his tenure as a Whole-time Director of the Company.

If at any time Mr. Gupta ceases to be a Director of the Company for any cause whatsoever, he shall cease to be Whole-time Director.

Mr. Gupta will subject to the superintendence, control and direction of the Board of Directors of the Company be vested with substantial powers of the management and look after the business activities and operations of the Company.

The Board recommends the Resolution at item No. 6 of the accompanying Notice for your approval.

Mr. D.K. Gupta is interested in the Resolution. None of the other Directors is concerned or interested in the Resolution.

A copy of the draft Agreement to be entered into between the Company and Mr. D.K. Gupta will be open for inspection by members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company upto and including the date of Annual General Meeting.

ABSTRACT OF THE TERMS AND CONDITIONS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302

The contents of item 6 of the Explanatory Statement set out above shall be deemed to be an Abstract of the terms and conditions of the Agreement of Mr. D.K. Gupta under Section 302 of the Companies Act, 1956 and the Memorandum of Interest in that behalf.

Date : 28th June, 1997

By Order of the Board

Registered Office :

Village - Govali,
Taluka - Jhagadia,
District - Bharuch 393 001,
Gujarat State.

Arun Kumar
Company Secretary

GUJARAT BOROSIL**DIRECTORS' REPORT**

To
The Members of
Gujarat Borosil Limited

Your Directors are pleased to present their Eighth Report and Audited Statement of Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 1997 are given below:

	(Rupees in Lacs)	
	Year ended 31.03.1997	Year ended 31.03.1996
Gross Sales (including Excise Duty)	4782.97	4496.90
Profit before interest and depreciation	523.72	720.72
Interest	1283.87	1133.94
Excess Income Tax Provision written back	2.03	32.44
Previous Year Expenses (Net)	37.07	21.44
Loss before depreciation carried to Balance Sheet	795.19	402.22

The Company has not provided for depreciation amounting to Rs. 428.32 lacs for the year ended 31st March, 1997 in view of loss incurred. The cumulative amount of unprovided depreciation as on 31.03.1997 was Rs. 1133.21 lacs.

Your Directors regret that no dividend is recommended for the year.

PERFORMANCE

The Production and Sales of the Company during the year under review were higher by nearly 16% and 18% respectively as compared to that of the previous year. Prices of sheet glass were ruling firm during the first four months of operations. However, in the middle of the year, two large float glass manufacturers of the country resorted to predatory pricing, which led to steep fall in price of sheet glass by nearly 40% in September '96 as compared to that in June '96. This had a telling effect on the financials of all flat glass manufacturing companies including your Company. This along with general increase in input costs, interest and freight resulted in the Company incurring a loss amounting to Rs. 795 lacs after accounting for interest of Rs. 1284 lacs.

The Company together with two other manufacturers of flat glass have filed a complaint before MRTP Commission against aforesaid predatory pricing policy. The case is pending before the Commission.

Since last two months, however, the prices of sheet/float glass have started firming up and are now at a level; which, if sustained, will make the Company's operations viable.

At the same time, the Company has also taken steps to economise its freight cost of sand (which is a major raw material) by developing a nearby source.

Your Directors are, therefore, hopeful that barring unforeseen circumstances, the performance for the current year will be much better.

SHARE ISSUE

As reported last year, the promoter Company has brought in funds by way of share capital advance of Rs. 230 lacs. The equity shares against the same are yet to be issued pending approval from the Financial Institutions.

DEBENTURE ISSUE

The Company has during the year under review, privately placed 19.5% Secured Redeemable Non-Convertible, Debentures of Rs. 100/- each amounting to Rs. 420 lacs and Rs.351.50 lacs with IDBI and IFCI respectively. Proceeds of these debentures have been appropriated towards interest accrued upto February 1996.

DEPOSITS

Your Company has not accepted any deposits from public till date.

SUBSIDIARY COMPANY

The financial results of Swapan Properties Limited, subsidiary of your Company, are given in the Annual Accounts and Directors' Report of the said Company which are annexed hereto.

POLLUTION CONTROL

The Company's plant does not generate any effluent except flue gas, which is released through a sufficiently tall chimney, built according to the pollution control norms.

DIRECTORS

Mr. D.K. Gupta was appointed as an Additional Director of the Company with effect from 1st April, 1997. He was further appointed as Whole-time Director of the Company with effect from 1st July, 1997. Mr. Gupta will hold office under Section 260 of the Companies Act, 1956 upto the forthcoming Annual General Meeting and is eligible for appointment at the Annual General Meeting. As required by Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Mr. D.K. Gupta as a candidate for the office of Director.

Mr. U.C. Kheruka retires by rotation and being eligible offers himself for re-appointment.

MANAGER

Mr. Paramjit Singh has ceased to be Manager of the Company with effect from 30th June, 1997 with mutual consent. However, he continues to be in the employment of the Company as Senior Vice-President.

AUDITORS

M/s. Singhi & Company, Chartered Accountants, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness for re-appointment.

AUDITORS' REPORT

The notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further explanation.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are annexed hereto and form part of the report.

INDUSTRIAL RELATIONS

During the year under review, the industrial relations of the Company with its employees remained cordial.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars prescribed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished in the Annexure to the Report.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation of the assistance/various facilities and co-operation received from the Financial Institutions. Banks, Government of Gujarat and employees during the year under review.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 28th June, 1997

B.L. KHERUKA
Chairman

GUJARAT BOROSIL

INFORMATION UNDER SECTION 217(1)(e) 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 31ST MARCH, 1997 :

FORM - A

1.4.96	1.4.95
to	to
31.3.97	31.3.96

CONSERVATION OF ENERGY**Power and Fuel Consumption****1. Electricity****a. Purchased**

Unit (KWL)	45,40,712	54,55,127
Total Amount (Rs. in lacs)	144.82	130.86
Rate/Unit	3.19	2.40

b. Own Generation**i) Through Diesel Generator**

Unit	32,800	80,688
KWH/Ltr of Diesel Oil	2.56	2.07
Cost/Unit	3.35	3.81

ii) Through Steam Turbine

Unit	0.00	0.00
Cost / Unit	0.00	0.00

2. Furnace Oil/ LSHS

Quantity (KL)	422.93	12737.42
Total Cost (Rs. in lacs)	20.16	568.11
Average Rate/KL	4766	4460

3. L.P.G.

Quantity (MT)	99.59	626.99
Total Cost (Rs. in lacs)	15.15	55.00
Average Rate/MT	15213	11962

4. Natural Gas

Qty. Lac CM	121.86	0.00
Total Cost (Rs. in lacs)	330.15	0.00
Average Rate/Scm	2.71	0.00

5. Consumption per Sq.mtr. of Production of Company's products on 2m/m basis

L.P.G. (Gms)	11	80
Furnace Oil/LSHS (Ltrs)	0.05	1.62
Electricity (Kwh)	0.50	0.70
Natural Gas (CM)	1.34	0.00