

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

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**TENTH ANNUAL REPORT
1998-99**

BOARD OF DIRECTORS

Mr. B.L. Kheruka – *Chairman*
Mr. U.C. Kheruka
Mr. P.K. Kheruka
Mr. D. Himatsingka
Mr. S. Gopalan – *(Nominee of IDBI)*
Mr. V.A. Gore – *(Nominee of ICICI)*
Mr. D.K. Gupta – *Whole-time Director*

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 14th Annual General Meeting of Gujarat Borosil Ltd. will be held at the Registered Office of the Company at Village - Govali, Taluka - Jhagadia, District - Bharuch 393 001, Gujarat State on Saturday, 25th September, 1999 (11.00) 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, 1999 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. D. Himatsingka who retires by rotation and, being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. U.C. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment
4. 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.

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 21st September, 1999 to 25th September, 1999 both days inclusive.
3. The Companies securities are listed at (1) The Vadodara Stock Exchange Ltd., Vadodara (Regional Stock Exchange) (2) The Stock Exchange, Ahmedabad (3) The Stock Exchange, Mumbai and (4) The Calcutta Stock Exchange Association Ltd., Calcutta. The Annual Listing Fee as prescribed has been paid to each of the Stock Exchanges.

Date : 14th August, 1999

By Order of the Board

Registered Office :

Village - Govali

Taluka - Jhagadia

District - Bharuch 393 001.

Gujarat State.

ARUN KUMAR
Company Secretary

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DIRECTORS' REPORT

To
The Members of
Gujarat Borosil Limited

Your Directors are pleased to present their Tenth Report and Audited Statement of Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 1999 are given below :

(Rupees in Lacs)

| | Year Ended 31.03.1999 | Year Ended 31.03.1998 |
|---|--------------------------|--------------------------|
| Gross Sales (including Excise Duty) | 6376.01 | 5717.40 |
| Profit before Interest and Depreciation | 1047.00 | 904.56 |
| Interest | 1632.89 | 1462.40 |
| Depreciation | 434.79 | 428.51 |
| Loss for the Year | 1020.68 | 986.35 |
| Income Tax related to earlier years | 20.98 | — |
| Previous Year Expenses (Net) | 3.74 | 0.54 |
| Depreciation provided for earlier years | — | 1133.21 |
| Loss carried to Balance Sheet | 1045.40 | 2120.10 |

As reported in the last Annual Report, the Company became a sick unit as per Section 3(1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and accordingly made a reference to Board for Industrial & Financial Reconstruction (BIFR) under Section 15(1) of SICA. The BIFR has declared the Company as sick and appointed ICICI as Operating Agency. A Rehabilitation Package is being finalised by ICICI in consultation with other Financial Institutions and Banks which will be submitted to BIFR.

PERFORMANCE

The Production and Sales of the Company during the year were higher by nearly 7% and 11% respectively, as compared to that of previous year.

The working of the Company has resulted in a loss for the year amounting to Rs. 1020.68 lacs. The Selling Prices remained under constant pressure during the year due to increased competition on account of cheaper imports from Indonesia.

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

DIRECTORS

During the year under review, Mr. V.A. Gore has been nominated as Director of the Company on behalf of ICICI Limited, in place of Mr. D.A. Dadachanji. The Board placed on record its appreciation for the valuable guidance received from Mr. D.A. Dadachanji during his tenure as Director.

M/s. D. Himatsingka and U.C. Kheruka retire by rotation and being eligible offer themselves for re-appointment.

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.

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, the chemical composition of which is within permissible limits.

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

There was no employee drawing remuneration to the extent as required to be disclosed under Section 217(2A) of the Companies Act, 1956 and rules thereunder, as amended.

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.

Y2K PREPAREDNESS

The Company with the help of its E.D.P. Staff, is in the process of identifying the systems and areas in which Y2K problem needs to be addressed. The progress on remediation is satisfactory and the Company expects to be fully compliant by 30th November, 1999. The total cost of hardware and up-gradation is estimated to be approximately Rs. 5 lacs.

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 : 14th August, 1999

B.L. KHERUKA
Chairman

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, 1999.

FORM - A

| | |
|---------|---------|
| 1.4.98 | 1.4.97 |
| to | to |
| 31.3.99 | 31.3.98 |

CONSERVATION OF ENERGY

Power and Fuel Consumption

1. Electricity

a. Purchased

| | | |
|----------------------------|-----------|-----------|
| Unit (KWH) | 46,35,445 | 47,88,064 |
| Total Amount (Rs. in lacs) | 194.69 | 182.36 |
| Rate/Unit | 4.20 | 3.81 |

b. Own Generation

i) Through Diesel Generator

| | | |
|-------------------------|--------|--------|
| Unit | 90,416 | 22,944 |
| KWH/Ltrs. of Diesel Oil | 2.63 | 2.10 |
| Cost/Unit | 4.20 | 3.57 |

ii) Through Steam Turbine

| | | |
|-----------|---|---|
| Unit | — | — |
| Cost/Unit | — | — |

2. Furnace Oil/LSHS

| | | |
|--------------------------|--------|--------|
| Quantity (KL) | 95.272 | 213.59 |
| Total Cost (Rs. in lacs) | 5.09 | 10.79 |
| Average Rate/KL | 5343 | 5052 |

3. L.P.G.

| | | |
|--------------------------|---|-------|
| Quantity (MT) | — | 2.88 |
| Total Cost (Rs. in lacs) | — | 0.44 |
| Average Rate/MT | — | 15213 |

4. Natural Gas

| | | |
|--------------------------|-------------|-------------|
| Quantity (Scm) | 1,37,50,360 | 1,32,05,356 |
| Total Cost (Rs. in lacs) | 481.32 | 444.18 |
| Average Rate/Scm | 3.50 | 3.36 |

5. Consumption per Sq. Mtr. of Production of Company's

Products on 2 mm basis

| | | |
|--------------------------|------|------|
| Natural Gas (Scm) | 1.41 | 1.46 |
| L.P.G. (Gms) | — | 0.32 |
| Furnace Oil/LSHS (Ltrs.) | 0.01 | 0.02 |
| Electricity (KWH) | 0.49 | 0.53 |

FORM – B

FORM FOR DISCLOSURES OF PARTICULARS WITH RESPECT TO R&D AND ABSORPTION OF TECHNOLOGY

A. Research and Development (R&D)

The Company has not carried out any Research & Development activities during the year.

B. Technology Absorption, Adaptation and Innovation

No new technology absorbed during the year.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Regarding details of foreign exchange earnings and outgo, please refer Note Nos. B-13 & 15 in Notes to the Accounts forming part of the Balance Sheet as at 31st March, 1999.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 14th August, 1999

B.L. KHERUKA
Chairman

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **GUJARAT BOROSIL LIMITED** as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date, both annexed thereto, and we report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit & Loss Account comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable to the Company.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to Note No. B-2 (b) in Schedule 20 regarding non provision of liquidated damages and penal interest to Financial Institutions and Note No. B-6 (d) regarding non provision of contingent liabilities in respect of disputed excise duty liability, 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 31st March 1999, and
 - (ii) In the case of the Profit and Loss Account of the Loss for the year ended on that date.

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For Singhi & Company
Chartered Accountants

25, S.A. Brelvi Road,
Fort

Mumbai - 400 001

Dated : the 14th day of August, 1999

(Praveen Kr. Singhi)
Partner

ANNEXURE REFERRED TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999 OF GUJARAT BOROSIL LIMITED

On the basis of the information and explanations furnished to us and the books & records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. According to the information and explanations given to us, the Fixed Assets have been physically verified by the management during the year, and no discrepancies were noticed on such verification with book records.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of raw material, stores & spare parts and finished goods have been physically verified by the management at reasonable intervals during the year.
4. The procedure followed by the management for physical verification of stock is reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between the physical verification of stocks as compared to book stock have been properly dealt with in books of account.
6. In our opinion, valuation of stocks, has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as followed in previous year.
7. The Company has not taken any loan, secured or unsecured from companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, except interest free advances in current account from the holding company. The terms and conditions of the above advance in current account is not prima-facie prejudicial to the interest of the Company.
8. In respect of unsecured loan Rs.11.62 lacs (including interest) (Previous year Rs.10.68 lacs) granted to its subsidiary company, the rate of interest, as considered reasonable by the management, has been charged. The terms of repayment of this loan is on demand. No loan, other than aforesaid loan, has been granted, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
9. Advances in the nature of loans to employees are generally being recovered as per stipulation, alongwith interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to the Purchases of Raw Material, Stores & Spare parts, Components, Plant and Machinery, equipment, other assets and for sale of goods.
11. There are transaction for purchase of goods and sale of goods made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 exceeding Rs.50,000 in value at the price which are reasonable, having regard to prevailing market price for such goods.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.