

# **GUJARAT BOROSIL**

## **GUJARAT BOROSIL LIMITED**



### ***TWELFTH ANNUAL REPORT***

### ***2000-2001***

**BOARD OF DIRECTORS**

Mr. B. L. Kheruka - Chairman

Mr. U. C. Kheruka

Mr. P. K. Kheruka

Mr. S. Gopalan - (Nominee of IDBI)

Mr. V. A. Gore - (Nominee of ICICI)

**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. Thandani 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 (East),  
Mumbai - 400 093.

**GUJARAT BOROSIL****NOTICE**

Notice is hereby given that the Twelfth 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 Tuesday, 25th September, 2001 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, 2001 and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P.K. 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 a Special Resolution:

"RESOLVED THAT the Authorised Share Capital of the Company be amended by classification of 10,00,000 unclassified Shares of Rs. 10/- (Rupees Ten) each into 10,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each.

AND RESOLVED THAT existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and the following new Clause V be and is hereby substituted therefor namely :

The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 4,60,00,000 (Four Crores Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and Rs. 4,00,00,000/- (Rupees Four Crores) unclassified Share Capital.

AND RESOLVED FURTHER THAT Article 4 of the Articles of Association of the company be and is hereby deleted and the following substituted therefor, namely :

The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 4,60,00,000 (Four crores Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and Rs. 4,00,00,000/- (Rupees Four Crores) unclassified Share Capital."

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

"RESOLVED THAT in terms of order of Board for Industrial and Financial Reconstruction (BIFR) and pursuant to Section 100 of the Companies Act, 1956 and subject to confirmation by the High Court, if necessary, and such other approvals, as are required under the Law, the paid up Equity Share Capital of the Company (post conversion of 19.5% Non Convertible Debentures) be reduced from Rs. 45,26,97,000/- divided into 4,52,69,700 Equity Shares of Rs. 10/- each to Rs. 22,63,48,500/- divided into 4,52,69,700 fully paid-up Equity Shares of Rs. 5/- each.

RESOLVED FURTHER THAT consequential amendments, be made in the capital clauses of the Memorandum of Association and Articles of Association of the Company after reduction becomes operational and effective.

RESOLVED FURTHER THAT consent/approval be and is hereby accorded to the Board of Directors under the Companies Act, 1956 and all other applicable Laws to issue securities and to do all such other acts, deeds, matters and things as may be necessary or desirable to implement Rehabilitation Scheme for the Company sanctioned by BIFR vide its order dated 11th May, 2001 or any modification(s)/ amendment(s) thereof and matters and things incidental thereto."

**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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 4 & 5 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2001 to 25th September, 2001, both days inclusive.

Date : 27th July, 2001

By Order of the Board

**Registered Office:**

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

**ARUN KUMAR**

*Sr. General Manager (Legal) &  
Company Secretary*

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

Board for Industrial and Financial Reconstruction (BIFR) has approved the Rehabilitation Scheme (the Scheme) for the Company, vide its Order dated 11th May, 2001. The Order of BIFR envisages rehabilitation of the Company over a period of time. The said Scheme, inter alia, provides:

- i. Conversion of existing 19.5% Non Convertible Debentures (NCDs) of Rs. 1095.50 Lacs issued to Financial Institutions namely, Industrial Development Bank of India (IDBI), ICICI Ltd. (ICICI) and The Industrial Finance Corporation of India Ltd. (IFCI) into 1,09,55,000 Equity Shares of Rs. 10/- each in the ratio of 10 such shares for every one NCD held.
- ii. Reduction of capital by 50% (post-conversion of NCDs as mentioned at i above).
- iii. Issue of new Equity Shares (post reduction) to the promoters aggregating to Rs. 1172 lacs comprising of Rs. 750 lacs towards promoters contribution (initially to be brought as interest free unsecured loans then to be converted into equity shares), Rs. 230 lacs against Share Application Money and Rs. 192 lacs against arrears of lease rent.
- iv. Issue of new Equity shares (post reduction) of Rs. 536 lacs to Financial Institutions against overdue interest.
- v. Issue of Zero Coupon Non Convertible Debentures for a sum of Rs.292 lacs to Financial Institutions against overdue interest.

**GUJARAT BOROSIL**

The Scheme, however, specifically requires the Company to obtain all statutory and other approvals for writing down of capital by 50%. This in other words, means taking permission of shareholders as well as confirmation by the Court in terms of Section 100 to 104 of the Companies Act, 1956, which is highly time consuming as well as very expensive and will delay the implementation of the Scheme considerably. As such, the Company is making a representation to BIFR requesting deletion of such requirements of approval.

However, in the unlikely event of such amendments to the Scheme not forthcoming from BIFR, your Directors feel it desirable to pass necessary resolutions in the forthcoming Annual General Meeting.

Consequent to conversion of NCDs into equity shares of Rs. 10/- each, the paid up share capital will go upto Rs. 45,26,97,000/-. The present authorised Equity Share Capital is Rs. 45 crores and Unclassified Shares is Rs. 5 crores. In order to accommodate additional equity as mentioned above, it is necessary to classify a portion of unclassified shares into equity shares. Hence, the Resolution No. 4.

Resolution at Item No. 5 is to give effect to reduction of share capital and to implement other provisions of BIFR Order.

Your directors recommend the passing of the Resolution set out in item Nos. 4 and 5 of the accompanying notice.

None of the Directors is concerned or interested in the Resolutions.

A copy of the BIFR Order can be inspected at the Registered Office of the Company during 10.00 am to 12.00 noon on any working day of the company upto the date of Annual General Meeting.

Date : 27th July, 2001

By Order of the Board

**Registered Office:**

Village - Govali

Taluka - Jhagadia

District - Bharuch 393 001

Gujarat State

**ARUN KUMAR**

*Sr. General Manager (Legal) &  
Company Secretary*

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## DIRECTORS' REPORT

To:  
The Members of  
Gujarat Borosil Limited

Your Directors are pleased to present their Twelfth Report and Audited Statement of Accounts for the year ended 31st March, 2001.

## FINANCIAL RESULTS

The financial results for the year ended 31st March, 2001 are given below :

(Rupees in Lacs)

	Year Ended 31.03.2001	Year Ended 31.03.2000
Gross Sales (including Excise Duty)	5209.47	5304.95
Profit before interest and depreciation	84.20	735.07
Interest	2326.01	1952.81
Depreciation	445.36	439.59
Loss for the year	2687.17	1657.33
Previous Year Expenses (Net)	0.20	(1.21)
Loss carried to Balance Sheet	2687.37	1656.12

Your Directors do not recommend any dividend.

## REHABILITATION SCHEME SANCTIONED BY BIFR

At the outset, your Directors are pleased to inform that the Board for Industrial and Financial Reconstruction (BIFR) has approved a Rehabilitation Scheme for the Company vide its Order dated 11th May, 2001, which provides for number of reliefs and concessions in order to make Company's operations viable over a period of time. However, the said Order specifically provides for obtaining statutory and other approvals for writing down of equity capital by 50%. In the meantime, the Company has also approached Financial Institutions for carrying out certain modifications in the Scheme in view of technical problems in the plant and for reduction of period of implementation. In view of these reasons, the effect of BIFR Order has not been given in the accounts for the year ended 31st March, 2001.

## PERFORMANCE

The production was adversely affected from July - 2000 due to technical problems which surfaced once again and started giving bubbles in the glass. The glass produced was of inferior quality and good for only certain applications as strips etc. and had to be sold at considerable discount.

The Company with the help of Foreign Experts tried to analyse the problems and various experiments were carried out including freezing and chipping out entire glass from the pit of one of the machines. The glass samples were sent abroad to various laboratories for analysis. However, the results were somewhat confusing and not giving clear indications. Finally in May-2001, the Polish Experts gave their finding that the only way to have good quality production was to go for cold repair of the Furnace, remove entire glass and restart the Furnace. The Company is getting ready for this.

The selling prices which came under pressure, after commissioning of a new Float Glass Plant near Chennai increasing competition for acquiring market share in the domestic market, improved after December-2000 and are relatively stable.

The working for the year resulted in a lower profit before interest and depreciation due to : lower average selling prices (both on account of increased competition and inferior quality production); increase in the power & fuel cost (use of costlier fuel due to reduced Gas supplies from Gas Authority of India Ltd.); and higher incidence of excise duty (mainly due to certain changes in excise rules w.e.f. 1-7-2000).

## GUJARAT BOROSIL

### DIRECTORS

Mr. D.K. Gupta, Whole-time Director resigned with effect from 31st December, 2000.

The Board placed on record its deep appreciation for the valuable services rendered by Mr. D.K. Gupta as Whole-time Director of the Company.

Mr. P.K. Kheruka retires by rotation and being eligible offers himself for re-appointment.

### CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the Stock Exchange, listed companies are required to implement the code on Corporate Governance as per the criteria specified therein in phased manner. Accordingly, your Company is required to implement the same on or before 31st March, 2002.

#### Composition of the Board of Directors :

The Board of Directors of your Company comprises of 5 members with a mix of 3 Promoter Non-Executive Directors and 2 Independent Non-Executive Directors who are nominees of Financial Institutions.

#### Audit Committee

(i) Pursuant to Section 292A of the Companies Act, 1956, the Audit Committee was constituted by the Board at their meeting held on 30th January, 2001. The Audit Committee comprises of one Independent Non-Executive Director and two Promoter Non-Executive Directors viz :-

- (1) Mr. V.A. Gore
- (2) Mr. P.K. Kheruka
- (3) Mr. B. L. Kheruka

(ii) The Audit Committee meetings were held on 27th April, 2001 and 27th July, 2001, which were attended by all the members.

(iii) At the invitation of the Company, Statutory Auditors, Vice President (Finance) and Company Secretary who is acting as Secretary to the Audit Committee also attended the Audit Committee meetings to answer and clarify queries at the Committee meetings.

(iv) The role of Audit Committee is presently as per the provisions of the Companies Act, 1956. It will be gradually widened to cover other areas. The Committee is presently responsible for reviewing Quarterly Internal Audit Reports, to discuss Half Yearly and Annual Financial Results, to interact with Statutory Auditor in accounting matters and to ensure compliance with internal control systems.

#### Share Transfer and Investors Grievance Committee :

The "Share Transfer Committee" of the Directors has since been reconstituted as "Share Transfer and Shareholders / Investors Grievance Committee" comprising of Mr. B.L. Kheruka, Mr. P.K. Kheruka, Mr. I.C. Kheruka and Mr. S. Gopalan. The Company takes utmost care to redress the shareholders / Investors queries / complaints at the earliest.

#### Dematerialisation of Shares :

The shares of your Company can be traded in dematerialised form. The Company has entered into necessary agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in this regard.

#### Names of Stock Exchanges where the Company's Shares are listed and payment of Listing Fees

Your Company's shares have been listed at Vadodara, Mumbai, Ahmedabad and Calcutta Stock Exchanges and your Company has already made payment of listing fees to each of the above Stock Exchanges.

### DEPOSITS

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

**SUBSIDIARY COMPANY**

In terms of the Companies (Amendment) Act, 2000, Swapn Properties Ltd., subsidiary of your Company has become a 'Public Company' from 'Deemed Public Company'. The financial results of Swapn Properties Limited 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.

**DIRECTORS' RESPONSIBILITY STATEMENT**

On the basis of compliance certificate received from the Vice President (Finance) of the Company, subject to disclosures in the Annual Accounts, and also on the basis of the discussion with the Statutory Auditors of the Company from time to time we state as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- ii) 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 a true and fair view of the state of affairs of Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

**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 which requires disclosure under Section 217 (2A) of the Companies Act, 1956.

**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, Board for Industrial and Financial Reconstruction (BIFR) and employees during the year under review.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 27th July, 2001

**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, 2001.

**FORM - A**

	1.4.2000 to 31.3.2001	1.4.1999 to 31.3.2000
<b>CONSERVATION OF ENERGY</b>		
<b>Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
a. Purchased		
Unit (Kwh)	5626973	4589942
Total Amount (Rs. in lacs)	305.61	235.35
Rate / Unit	5.43	5.13
b. Own Generation		
i. Through Diesel Generator		
Unit (Kwh)	116032	50541
Kwh / Ltrs of Diesel Oil	2.85	2.35
Cost / Unit	5.80	5.58
ii. Through Steam Turbine		
Unit	—	—
Cost / Unit	—	—
<b>2. Furnace Oil / LSHS</b>		
Quantity (KL)	3178	338
Total Cost (Rs. in lacs)	282	24
Average Rate Rs./KL	8892	7145
<b>3. L.P.G.</b>		
Quantity (MT)	1.080	0.362
Total Cost (Rs. in lacs)	0.16	0.06
Average Rate / MT	15213	15213
<b>4. Natural Gas</b>		
Quantity (SCM)	11561149	13821122
Total Cost (Rs. in lacs)	520.77	542.90
Average Rate/SCM	4.50	3.39
<b>5. Consumption per Sq.mtr. of Production of Company's Products on 2 mm basis</b>		
Natural Gas(SCM)	1.24	1.48
L.P.G. (Gms)	—	—
Furnace Oil/LSHS(Ltrs.)	0.34	0.04
Electricity (Kwh)	0.62	0.50

**FORM - B**

**FORM FOR DISCLOSURE 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**

The Company has introduced stress analysis of Glass by imported Pyrometer (total cost of Rs.19.50 lacs) and has been able to identify variation in the hardness of Glass and succeeded in improving annealing of the Glass by suitably adjusting furnace temperatures.

**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, 2001.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 27th July, 2001

**B.L. Kheruka**  
Chairman

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