

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED



THIRTEENTH ANNUAL REPORT
2001-2002

BOARD OF DIRECTORS

Mr. B. L. Kheruka - Chairman
Mr. P. K. Kheruka
Mr. V. A. Gore - (Nominee of ICICI)
Mr. C. D. Tripathi (Special Director - BIFR)
Mr. H. Khaitan
Mr. S. K. Mehra

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 (East),
Mumbai - 400 093.

GUJARAT BOROSIL**NOTICE**

Notice is hereby given that the Thirteenth 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 Monday, 30th September, 2002 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 31st March, 2002 and Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B.L. 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(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Haigreve Khaitan, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Shashi Kumar Madanlal Mehra, who was appointed by the Board of Directors as an Additional Director of the Company and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE 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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item Nos. 4 & 5 as set out above, and the relevant details in respect of Item Nos. 2, 4 & 5 set out above pursuant to Clause 49 of the Listing Agreement are annexed hereto and forms part of this Notice.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2002 to 30th September, 2002 both days inclusive.
- (4) The Members are requested to notify immediately the change of address, if any, to the Company's Share Transfer Agents at Mondkar Computers Pvt. Ltd., Unit : Gujarat Borosil Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093, quoting their folio number(s).
- (5) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
- (6) Appointment/Re-appointment of Directors:

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director :	Mr. B.L. Kheruka	Mr. Haigreave Khaitan	Mr. Shashi Kumar Madanlal Mehra
Date of birth :	7th November, 1930	13th July, 1970	19th December, 1952
Date of appointment :	22nd December, 1988	30th January, 2002	29th June, 2002
Expertise in specific professional areas :	Industrialist having rich business experience particularly of 40 years in glass industry	Advocate with special expertise in commercial & corporate laws, tax laws, mergers & acquisitions, restructuring foreign collaboration, licensing, etc	Chartered Accountant with wide experience in audit, taxation and accounts.
Qualifications :	B. Com	L.L.B.	B.Com, FCA
List of other Indian Public Limited companies in which Directorship held.	Window Glass Ltd. Gujarat Fusion Glass Ltd. General Magnets Ltd. Borosil Glass Works Ltd. Croton Trading Ltd.	Aekta Limited Bengal Tea & Fabrics Ltd. Cheviot Company Ltd. Ceat Limited Dovmeuil-Birla VXL Limited - (Alternate Director) Harrisons Malayalam Ltd. Khaitan Consultants Ltd. - (Alternate Director) Kilburn Chemicals Ltd. Kothari Industries Ltd. Lanco Industries Ltd. National Engineering Industries Ltd. Rasoi Limited Ritspin Synthetics Ltd. RPG Cables Ltd. RPG Cellular Services Ltd. Usha Martin Infotech Ltd. Xpro India Ltd.	N.A.
Chairman/Member of the Committee of Board of the Public Companies of which is a Director.	Share Transfer/ Investor Grievance Committee: Borosil Glass Works Ltd. - Chairman	Audit Committee: Bengal Tea & Fabrics Ltd.- Member Kilburn Chemicals Ltd. - Member National Engineering Industries Ltd. - Member Rasoi Limited - Member Usha Martin Infotech Ltd. - Member Xpro India Ltd. - Member Share Transfer and Investor Grievance Committee : Cheviot Company Ltd. - Member National Engineering Industries Ltd. - Member Xpro India Ltd. - Member	N.A.

Date : 31st July, 2002

By Order of the Board

Registered Office:

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

ARUN KUMAR
Sr. General Manager (Legal)
& Company Secretary

GUJARAT BOROSIL**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.4**

The Board of Directors of the Company appointed Mr. Haigreve Khaitan, as Additional Director of the Company with effect from 30th January, 2002 in accordance with the Article 114(a) of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. Haigreve Khaitan will hold office of Additional Director upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing the candidature of Mr. Haigreve Khaitan for the office of Director under the provisions of Section 257 of the Act. Consent in writing has been received from Mr. Haigreve Khaitan to act as Director, if appointed.

Except Mr. Haigreve Khaitan, no other Director is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 5

The Board of Directors of the Company appointed Mr. Shashi Kumar Madanlal Mehra (Mr. Mehra), as Additional Director of the Company with effect from 29th June, 2002 in accordance with the Article 114(a) of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. Mehra will hold office of Additional Director upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing the candidature of Mr. Mehra for the office of Director under the provisions of Section 257 of the Act. Consent in writing has been received from Mr. Mehra to act as Director, if appointed.

Except Mr. Shashi Mehra, no other Director is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Date : 31st July, 2002

By Order of the Board

Registered Office:

Village - Govali

Taluka - Jhagadia

District - Bharuch 393 001

Gujarat

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 Thirteenth Report and Audited Statement of Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2002 are given below :

	Year Ended 31.03.2002	Year Ended 31.03.2001
Gross Sales (including Excise Duty)	7447.44	5209.47
Profit before interest and depreciation	767.31	84.20
Interest	2774.07	2326.01
Depreciation	447.46	445.36
Loss for the year	2454.22	2687.17
Previous Year Expenses (Net)	(0.04)	(0.20)
Loss carried to Balance Sheet	2454.26	2687.37

(Rupees in Lacs)

Your Directors do not recommend any dividend.

REHABILITATION SCHEME SANCTIONED BY BIFR - AMENDMENT THEREOF

BIFR has approved a Rehabilitation Scheme for the Company at the hearing held on 24th January, 2001 and orders passed on 11th May, 2001. The scheme however could not be implemented due to large cash flow gap arising from technical problems in the plant, adverse market situation and unanticipated expenditure to be incurred for cold repair of furnace. Under the circumstances, payments to Financial Institutions would have to be stretched till 2013-14 with which they were not comfortable. The Company with infusion of funds from investors worked out a Modified Scheme, which was approved by Financial Institutions and Banks and is now under the consideration of BIFR. In view of the fact that the Sanctioned Scheme has not been implemented and Modified Scheme is still to be approved by BIFR, no effect has been given in the accounts for the year ended 31st March, 2002.

PERFORMANCE

The technical problems started in July-2000 leading to production of inferior quality material. The problems could not be resolved even after a series of experiments by Foreign experts and finally in May-2001 they advised us to go for cold repair of furnace to achieve good quality production. The Company started necessary steps to procure the materials required for re-building the furnace. However, the delivery of critical items (not readily available in stock) have been delayed and the work of cold repair is still not undertaken. In the mean time due to various technical adjustments in the plant and process, the production quantity has gone up though the quality problems continue.

The Company undertook a fresh initiative and succeeded in increasing its exports as it was extremely difficult to push the entire quantity into domestic market particularly in view of additional competition due to commissioning of a new float glass plant near Chennai in 2000-01.

The working for the year resulted in a higher profit before interest and depreciation due to higher volumes of

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production and sales and reduced power & fuel cost (as Gas supplies from Gas Authority of India Ltd. improved).

DIRECTORS

The Board for Industrial and Financial Reconstruction (BIFR) had nominated Mr.V.Jankiraman as a Special Director on the Board of the Company effective 7th August, 2001. However, the said nomination was withdrawn with effect from 10th December, 2001. With effect from 20th December, 2001, BIFR has nominated Mr.C.D.Tripathi as a Special Director.

IDBI withdrew its nomination in respect of Mr.S.Gopalan as Director with effect from 7th January, 2002. The Board placed on record its deep appreciation for the valuable guidance received from Mr.S.Gopalan during his tenure as a Director of the Company.

The Board has appointed Mr.Haigreve Khaitan and Mr. Shashi Mehra as Additional Directors of the Company with effect from 30th January, 2002 and 29th June, 2002 respectively. They shall vacate their office as Additional Directors at the ensuing Annual General Meeting and are eligible for re-appointment.

Mr. U.C. Kheruka expired on 19th March, 2002. The Board placed on record its appreciation for the valuable guidance received from him during his tenure as a Director of the Company.

Mr.B.L.Kheruka retires by rotation and being eligible offers himself for re-appointment.

MANAGEMENT DISCUSSION & ANALYSIS REPORT**A. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Flat Glass Industry consists of float glass, sheet glass and figured glass. In view of global technological changes taking place, the growth in the flat glass market has been taken by float glass. The Indian market where rural population is very high continues to be cost conscious and inspite of large new float capacities having been added in last ten years sheet glass continues to find market in the country. The domestic demand has been growing steadily over the years.

B. OPPORTUNITIES & THREATS**OPPORTUNITIES**

- > The Company is a major player in the sheet glass market and has a good brand image.
- > Based on annual reports of float / sheet glass manufacturers, it is revealed that the Company is cost effective and compares favourably with others.
- > The Company has a large and established network of dealers and has successively shown its ability to market its products in the time of cut-throat competition.
- > A total financial restructuring of the Company will take place after the modified scheme is approved by BIFR and effect given in the accounts.

THREATS

- > Over the years, share of Sheet Glass in the overall market will be going down as the growth is entirely in float segment.
- > The financial position of the Company may continue to be bad in the event that the modified scheme is not approved by BIFR.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The Company's business activity falls within a single primary business segment viz. sheet glass. As such, there are no separate reportable segments as per Accounting Standard 17.

D. OUTLOOK

The Company is undertaking cold repair of furnace and is confident of producing good quality material once again. The Company's product continues to be in demand and we do not foresee any difficulties in selling the goods.

As far as the industry is concerned, the outlook appears to be good in view of measures being undertaken by the Government to give a boost to the housing sector, gradual increase in the size of middle class, increase in glass requirement per square feet of construction in housing and industrial construction and the growth in rural economy.

E. RISK AND CONCERNS

The Industry has been asking the Government to popularise production of solar energy which will require huge quantity of Glass. The energy produced will be cheaper and more dependable by this non-conventional route.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control System commensurate with its size and nature of business. The Internal Audit is continuously conducted by Internal Auditor of the Company and Internal Audit Reports are reviewed by the Audit Committee.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The operating performance during the year was better compared to the previous year. The production - sales volume and sales value increased despite inferior quality production. Moreover, the Company was able to reduce its finished goods inventory. The profit before interest and depreciation was higher at Rs. 767.31 lacs compared to Rs. 84.20 lacs in the previous year. The operating costs for critical raw materials, power and fuel were also lower compared to the previous year.

H. MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATION FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

The industrial relations continued to be cordial. In terms of development in Human Resources the Company has undertaken certain measures for example :-

- Employees were imparted 703 manhours of training on varied topics ranging from Technical, Commercial and Skill Development.
- Initiated drive to inculcate system-based working with the aim of ISO-9002 quality Management System certification.
- Documented, implemented and maintained technical systems such as Check Chart System, Maintenance System etc.
- Initiated periodic systems audits of Technical Departments with a view to make continual improvement in work culture.
- Upgraded computerised Materials Management System, ranging from rubber vendor Development to speedy order execution.
- Employee Productivity has risen by 20.45% i.e. from 44 to 53 Sq. M. (2 MM equivalent) per employee per day.
- Employees are assigned S-M-A-R-T Key Result Areas for the year, with a view to inculcate performance-based work culture.

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Number of people employed during the year were as under :-

Staff : 176

Workers : 334 (excluding contract labour)

CORPORATE GOVERNANCE REPORT

A separate section on Corporate Governance is included in the Annual Report and the Certificate from Company's auditors confirming the compliance with the code of Corporate Governance as enumerated in Clause 49 of the listing agreement with the Stock Exchanges is annexed hereto.

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.

CONSOLIDATED ACCOUNTS

The consolidated accounts prepared in accordance with Accounting Standard - AS 21 are also enclosed together with the Auditor's report thereon.

BOROSIL GLASS WORKS LTD. (BGWL)

The Company has ceased to be a subsidiary of Borosil Glass Works Ltd. during the year in view of sale of a part of the holding by Borosil Glass Works Ltd.

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 the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) that the Directors have 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 have 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.

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.

ACKNOWLEDGMENT

Your Directors would like to express their appreciation for 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

B.L. Kheruka
Chairman

Place : Mumbai
Date : 31st July, 2002

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