

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

Report  Junction.com

***SEVENTEENTH ANNUAL REPORT
2005-2006***

BOARD OF DIRECTORS

B. L. Kheruka - Chairman & Managing Director

P. K. Kheruka - Vice Chairman

V. A. Gore

H. Khaitan

S. K. Mehra

Jagdish Joshi

Ashok Jain - Whole-time Director

COMPANY SECRETARY

Arun Kumar

REGISTERED OFFICE & PLANT

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

☎ : 02645-220300 (8 Lines)

HEAD OFFICE

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

☎ : 2493 0362/66

AUDITORS

Singhi & Co.
Chartered Accountants

BANKERS

Bank of Baroda

REGISTRAR & TRANSFER AGENTS

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

☎ : 2826 2930 / 2836 6620

GUJARAT BOROSIL**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of members 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, the 22nd August, 2006 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, 2006 and Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Ashok Jain who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. B. L. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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

6. 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. Jagdish Joshi who has been 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."

Date : 29th June, 2006

By Order of the Board

Registered Office:

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

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

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) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under item No. 6 as set out above, and the relevant details in respect of Item Nos.3,4 & 6 above pursuant to Clause 49 of the Listing Agreement are annexed hereto and form part of this Notice.

- (3) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 11th August, 2006 to Tuesday, 22nd August, 2006 (both days inclusive).
- (4) The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 22nd August, 2006:
- (i) to those Members whose names appear in the Register of Members as on 22nd August, 2006.
- (ii) In respect of shares held in electronic form, to those "deemed Members" whose names appear on the statements of beneficial ownership furnished by National securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on 10th August, 2006.
- 5) The Members are requested to notify immediately the change of address, if any, to the Company's Share Transfer Agents i.e. Mondkar Computers Pvt. Ltd., Unit : Gujarat Borosil Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093, quoting their folio number(s).
- 3) The details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) are furnished below:-

| Name of Director | Mr. Ashok Jain | Mr. B. L. Kheruka | Mr. Jagdish Joshi |
|---|-------------------------------|--|--|
| Date of birth | 21st February, 1958 | 7th November, 1930 | 23rd February, 1944 |
| Date of appointment: | 3rd January, 2003 | 22nd December, 1988 | 25th October, 2005 |
| Expertise in specific Professional areas | 25 years in corporate Sector. | Industrialist having rich industrial experience of about 44 years particularly in glass industry. | Mr. Jagdish Joshi is a retired I.A. S. officer having vast experience in administration as well as good knowledge of industry. |
| Qualifications: | B. Com, FCA, FCS | B.Com | B.A. (Hons.), I.A.S. |
| List of other Indian Public Limited Companies in which Directorship held. | NIL | Window Glass Limited. Gujarat Fusion Glass Ltd. General Magnets Ltd. Borosil Glass Works Ltd. Croton Trading Limited | NIL |
| Chairman/Member of the Committee of Board of other Public Limited Companies | NIL | Share Transfer and Investor Grievance Committee Borosil Glass Works Limited - Chairman | NIL |
| Equity Shares held in the Company as on date : 29.06.2006 | NIL | NIL | NIL |

GUJARAT BOROSIL**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 6**

The Board of Directors of the Company appointed Mr. Jagdish Joshi, as an Additional Director of the Company with effect from 25th October, 2005 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. Joshi will hold office of Additional Director upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. Joshi for the office of Director under the provisions of Section 257 of the Act.

Mr. Jagdish Joshi, aged 62 years, is graduate in Economics with Honours and has done Post-graduate in strategic studies. He joined Indian Administrative Service (I.A.S.) in the year 1967 and held various positions in Government of Maharashtra as well as Government of India before his retirement as Additional Chief Secretary in the Planning Dept. of Government of Maharashtra. He has very extensive administrative and industry knowledge.

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

Your Directors recommend the resolution for your approval.

Date : 29th June, 2006

By Order of the Board

Registered Office:

Village - Govali

Taluka - Jhagadia

District - Bharuch 393 001

Gujarat

ARUN KUMAR

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

DIRECTORS' REPORT

To:
The Members of
Gujarat Borosil Limited

Your Directors are pleased to present their Seventeenth Report and Audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2006 are given below :

(Rupees in Lacs)

| | Year Ended 31.03.2006 | Year Ended 31.03.2005 |
|--|-----------------------|-----------------------|
| Gross Sales (including Excise Duty) | 9013.12 | 8720.24 |
| Profit before interest, depreciation and tax | 1321.79 | 1519.62 |
| Interest | 19.06 | 23.00 |
| Depreciation | 470.30 | 457.95 |
| Net Profit before tax | 832.43 | 1038.67 |
| Provision for Tax (MAT) | 64.32 | 81.45 |
| MAT credit entitlement | 62.43 | Nil |
| Provision for fringe benefit tax | 10.60 | Nil |
| Provision for Wealth Tax | 1.32 | Nil |
| Provision for deferred tax liability | 271.07 | 204.45 |
| Profit after tax | 547.55 | 752.77 |
| Add: Balance brought forward from last year | 1023.54 | 756.38 |
| Available for appropriation | 1571.09 | 1509.15 |
| Appropriation: | | |
| Transferred to General Reserve | 60.00 | 100.00 |
| Proposed Dividend | 341.04 | 341.04 |
| Dividend distribution tax | 51.09 | 44.57 |
| Balance carried to the Balance Sheet | 1118.96 | 1023.54 |

DIVIDEND

Your Directors are pleased to recommend a dividend of 10 % for the year.

PERFORMANCE

Your Company has been able to maintain sales this year despite the fact that the selling prices remained under pressure after a new plant of one of the competitors came into production in the second half. This coupled with increased costs of inputs and freight due to dramatic increase in oil prices resulted in decline in profit for the year. The marginal increase in turnover came from sales of glass imported by the Company during the year.

The domestic demand for flat glass has witnessed high growth rate in the last two years due to boom in Construction and Automobile sectors.

The term loan of Bank of Baroda also has been prepaid and the Company has become free of term debt.

GUJARAT BOROSIL

FLOAT GLASS PROJECT

The plans to set up a float glass plant at the existing site has not taken off so far as the Company is watching market developments carefully before finally embarking upon it. In the meanwhile technical arrangements have been finalised and the project will be undertaken after review of decision and attaining financial closure.

DIRECTORS

Mr. U. K. Mukhopadhyay resigned as a Director w.e.f. 20th May, 2005.

Mr. B.L. Kheruka who was Chairman of the Company has been appointed as Managing Director also w.e.f. 1st August, 2005 for a period of three years during the last Annual General Meeting.

Mr. Jagdish Joshi has been appointed as an Additional Director w.e.f. 25th October, 2005. He vacates his office as an Additional Director at the ensuing Annual General Meeting. The Company has received a notice in writing from a Member signifying his intention to propose the appointment of Mr. Jagdish Joshi as a director of the Company.

Mr. Ashok Jain and Mr. B. L. Kheruka retire by rotation and being eligible offer themselves 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 as well as processed glass like tempered glass, mirrors etc. Sales of float glass is growing due to availability. Of late due to demographical changes, growth of middle class and higher disposable income levels, there has been significantly higher growth in Housing and Automobile sectors and the demand and supply of flat glass are almost matching. This has led to setting up of further capacities in the country. In view of Global technological changes taking place, capacity growth in the transparent flat glass market has occurred only in the float glass sector. Accordingly, market growth has also occurred in this sector, because this is the only glass available. However, a significant portion of the Indian market continues to be cost conscious, and there is adequate demand for the Company's production of sheet glass.

B. OPPORTUNITIES & THREATS

OPPORTUNITIES

- The Company is a major player in the sheet glass market and has a good brand image. The Company is planning to set up a float glass plant to take advantage of growing market and to exploit Company's core competence in flat glass manufacture.
- The Company has a large and established network of dealers and has successively shown its ability to market its products at the time of cut-throat competition.
- Based on comparison of cost ascertainable from annual reports of float / sheet glass manufacturers, it is evident that the Company is cost effective and compares favourably with others.
- The Company is free of term debts. This would provide an opportunity to raise resources for expansion.

THREATS

- Over the years, share of Sheet Glass in the overall market will be going down as the growth is entirely in float segment.
- Cheaper imports of float glass and expansion proposed by some of the manufacturers may disturb the demand supply equation and lead to temporarily destabilization in selling prices.
- Constraints of Product mix and value added items.
- Increase in fuel cost due to deregulation of prices of natural gas/furnace oil and linkage to international prices.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

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

D. OUTLOOK

The Company's product continues to be in demand and we do not foresee any difficulties in selling.

The outlook for Industry appears to be good in view of measures undertaken by the Government to give a boost to the housing sector, reasonable interest rates on housing loans, 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.

The absence of mandatory Building Code regarding uses of glass is an area of concern, where Government intervention is required to ensure better quality of construction with higher safety.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control System commensurate with its size and nature of business. The internal control systems are designed to ensure that the financial statements are prepared based on reliable information. The Internal Audit is continuously conducted by in house Internal Audit department 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 slightly lower compared to the previous year. Capacity utilisation was over 100% in the third consecutive year. The sales value increased due to additional sale from imported glass. The profit before interest, depreciation and tax was lower at Rs. 1321.79 lacs compared to Rs. 1519.62 lacs in the previous year due to subdued selling prices in the second half and increase in input/energy prices and freight.

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 1282 manhours of training on varied topics ranging from Technical, Commercial and Soft Skill. The employees who attend external training, hold in-house workshop on the subject to share newly acquired knowledge.
- Employee productivity is 59 sq.m.(2mm equivalent) per employee per day showing an increase of 5.36% over last year.
- Annual performance appraisal of employees provide opportunities to intercept and take corrective actions and improve their own efficiency bar.
- Revival of systematic, transparent and result oriented suggestion scheme which immensely helps in motivating employees to achieve higher standards and increase their participation and commitment.

Number of people employed at the end of year were as under:

Staff : 144

Workers : 307 (Excluding contract labour)

GUJARAT BOROSIL**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.

The Board of Directors of the Company has evolved and adopted a Code of Conduct and posted the same on the Company's website www.gujaratborosil.com. The Directors and Senior Management personnel have affirmed their compliance with the code for the year ended 31st March, 2006.

DEPOSITS

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

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

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, the Board of Directors 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 we have 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 we 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 we have prepared the annual accounts on a going concern basis.

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.

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 deep appreciation for the co-operation received from employees during the year under review. Directors also place on record its appreciation for the confidence reposed by the shareholders during the difficult times.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 29th June, 2006

B.L. Kheruka
Chairman & Managing Director

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, 2006.

FORM A

**01.4.2005 to
31.3.2006**

**01.4.2004 to
31.3.2005**

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

Unit (Kwh)

5682144**5227918**

Total Amount (Rs. in lacs)

286.35**281.44**

Rate/Unit

5.04**5.38****b. Own Generation****i. Through Diesel Generator**

Unit (Kwh)

42560**43144**

Kwh/Ltrs of Diesel Oil

3.20**3.20**

Cost/Unit

9.90**8.62****ii Through Steam Turbine**

Unit

—**—**

Cost/Unit

—**—****2. Furnace Oil/LSHS**

Quantity (KL)

864**663**

Total Cost (Rs. in lacs)

115**65**

Average Rate/KL

13282**9842****3. L.P.G.**

Quantity (MT)

1.44**—**

Total Cost (Rs. in lacs)

.24**—**

Average Rate/MT

16886**—****4. Natural Gas/RLNG**

Quantity (SCM)

16542665**16380752**

Total Cost (Rs. in lacs)

874.09**802.23**

Average Rate/SCM

5.28**4.90****5. Consumption per Sq.mtr. of
Production of Company's
Products on 2 mm basis**

Natural Gas/RLNG (SCM)

1.27**1.28**

L.P.G. (Gms)

0.11**0.00**

Furnace Oil/LSHS(Ltrs.)

0.07**0.05**

Electricity (Kwh)

0.44**0.41**