

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

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***TWENTIETH ANNUAL REPORT
2008-2009***

BOARD OF DIRECTORS

B. L. Kheruka - Chairman & Managing Director

P. K. Kheruka - Vice Chairman

V. A. Gore

H. Khaitan' (upto 15.01.09)

Shashi 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.

☎ : 022-67406300

AUDITORS

Singhi & Co.

Chartered Accountants

BANKERS

Bank of Baroda

Andhra Bank

REGISTRAR & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.

Unit : Gujarat Borosil Limited

21, Shakil Niwas,

Mahakali Caves Road,

Andheri (East),

Mumbai - 400 093.

☎ : 2820 7203, 2820 7204, 2820 7205

GUJARAT BOROSIL**NOTICE**

Notice is hereby given that the Twentieth Annual General Meeting of members of Gujarat Borosil Limited will be held at the Registered Office of the Company at Village - Govali, Taluka - Jhagadia, District - Bharuch 393 001, Gujarat State on Thursday, the 20th August, 2009 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, 2009 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. B.L. Kheruka, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Jain, 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 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 (hereinafter called "the Board" and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to hypothecate, mortgage, charge and/or in any other way encumber all or any of the movable and immovable assets of the Company both present and future whatsoever and wheresoever situated, and the whole or any part of the undertaking of the Company in favour of the Banks namely:

1. Bank of Baroda (BOB)
2. Andhra Bank (AB)

to secure repayment of foreign currency term loan (USD) and rupee term loan (INR) of

- i. USD 7.5 million granted by BOB to the Company
- ii. Rs. 20 crores granted by BOB to the Company
- iii. Rs. 13 crores granted by AB to the Company

and to secure repayment of loan taken for working capital

- i. Rs. 4.9 crores granted by BOB to the Company
- ii. Rs. 2 crores granted by AB to the Company

together with all interest at the respective agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to Banks in terms of their 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.

Date: 30th June, 2009

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) The 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 set out 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 13th August, 2009 to 20th August, 2009 (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 20th August, 2009:
- to those Members whose names appear in the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before 12th August, 2009.
 - 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 at the end of business hours on 12th August, 2009.
- (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).
- (6) 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. B. L. Kheruka	Mr. Ashok Jain
Date of birth	7th November, 1930	21st February, 1958.
Date of appointment	22nd December, 1988	3rd January, 2003
Expertise in specific Professional areas	Industrialist having rich business experience of about 47 years particularly in glass industry	Chartered Accountant. 28 years in Corporate Sector
Qualifications	B.Com	B.Com. FCA FCS
List of other Indian Public Limited Companies in which Directorship held.	Borosil Glass Works Limited Borosil International Limited Croton Trading Limited General Magnets Limited Gujarat Fusion Glass Limited Window Glass Limited	NIL
Chairman/Member of the Committee of Board of other Public Limited Companies	Share Transfer and Investor Grievance Committee: Borosil Glass Works Limited - Chairman	None
Equity Shares held in the Company as on date 30.06.2009	NIL	NIL

GUJARAT BOROSIL

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Bank of Baroda has sanctioned a term loan of US Dollars 7.5 million and Rupee Term Loan of Rs.20 crores and Andhra Bank has sanctioned a Rupee Term Loan of Rs. 13 crores towards part financing of low iron textured glass project of the Company.

The Company has created mortgage/charge over assets of the Company including immovable properties.

It is considered desirable to obtain the approval of the members of the Company under Section 293(1)(a) of the Companies Act, 1956 in the manner set out in item no. 6 of the accompanying notice.

Your Directors therefore recommend passing of the said resolution.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Date: 30th June, 2009

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 Twentieth Report and Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2009 are given below :

	(Rupees in Lacs)	
	Year Ended 31.03.2009	Year Ended 31.03.2008
Gross Sales (including Excise Duty)	10291.76	9276.52
Profit before interest, depreciation and tax	1590.22	988.80
Interest	11.54	9.29
Depreciation	533.27	505.71
Profit for the year	1045.41	473.80
Exceptional Income	—	385.46
Net Profit before tax	1045.41	859.26
Provision for Taxation (Net)	230.19	89.67
Provision for fringe benefit tax	10.91	8.97
Provision for deferred tax liability	122.92	201.06
Profit after tax	681.39	559.56
Add: Balance brought forward from last year	1636.63	1576.07
Available for appropriation	2318.02	2135.63
Appropriation:		
Transferred to General Reserve	100.00	100.00
Proposed Dividend	170.52	341.04
Dividend distribution tax	28.98	57.96
Balance carried to the Balance Sheet	2018.52	1636.63

DIVIDEND

Your Directors have decided to recommend a reduced dividend of 5% for the year in order to plough back the funds in the Company for meeting capital expenditure on project and also taking a cautious view of worsening situation in the flat glass market due to additional new capacities and recessionary conditions due to global slow-down in general and housing industry in particular.

PERFORMANCE

The performance was much better due to improvement in selling prices in the first half of the year. The price surge was largely due to rise in US dollar against rupee, which affected imports. However the momentum could not be sustained and the selling prices started declining from December 2008 due to supply pressure from the new plants and decline in demand due to general slowdown in economy. The average net selling price for the year was higher by 18% compared to last year. The selling prices remain subdued in the current year and are a cause for concern.

The price of key input i.e. Soda Ash continued to increase unabated thereby causing substantial increase in raw material cost.

GUJARAT BOROSIL

NEW PROJECT

The Rupees 97.50 crores Low Iron Glass Project to manufacture 105 TPD to meet growing demand in Solar power sector is under progress and is expected to be commissioned by October 2009. The low iron patterned glass is used in Photovoltaic cell panels used for generation of electricity by Solar energy as well as in flat plate Solar thermal collectors. The project is being financed by a mix of internal accruals, Rupee loan and Foreign currency loan. In view of impending glut in the float glass market the Company has decided to defer plans for a float glass plant. The experience gained in flat glass technology is being used in the low Iron glass project which is also horizontal process like float.

DIRECTORS

Mr. Haigreve-Khaitan resigned from Board of Directors of the Company w.e.f. 15th January, 2009.

Mr. B.L. Kheruka and Mr. Ashok Jain 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. in last few years due to demographical changes, growth of middle class and higher disposable income levels, the demand increased in view of high growth in Housing and Automobile sectors. This has led to setting up of further capacities in the country. However, as of now the supply is in excess of demand. In view of Global technological changes taking place, capacity growth in the transparent flat glass market has occurred only in the float glass sector because this is the only glass available. However, a sizable portion of the Indian market continues to be cost conscious, and there is adequate demand for the Company's production of sheet glass.

The Company is now entering into manufacture of patterned glass for application in solar power sector and in architecture. Solar PV market internationally has been growing at an annual average of over 35%. In India this has just started receiving momentum and has huge growth potential.

B. OPPORTUNITIES & THREATS

OPPORTUNITIES

- * The Company is a major player in the sheet glass market and has a good brand image. The Company is now setting up a facility to manufacture low iron patterned glass which will be a good product diversification for the Company.
- * 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.
- * The Company's operations are cost effective and compare favorably with others.
- * The Company was free of term debts until recently which has enabled fund raising for the new plant.

THREATS

- * Cheaper imports of float/sheet glass, recent expansion by some of the large manufacturers of float glass and setting up of new plants has already disturbed the demand supply equation and led to destabilization in selling prices. Besides, there are fresh capacities coming up from new entrants in this field.
- * Constraints of Product mix and value added items.
- * Increase in fuel cost due to gradual deregulation of prices of natural gas/furnace oil and linkage to international prices and increase in soda ash prices due to changes in international situation.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The Company's business activity falls within a single primary business segment viz. Manufacture of flat 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 much difficulty in selling.

The outlook for Industry appears to be reasonable in view of signs of recovery in India despite continued global slowdown. Government's thrust on infrastructure and housing will augur well for growth in housing sector provided the interest rates on housing loans come back to more affordable levels as there is tremendous increase in the size of middle class aspiring to own houses both in urban and rural areas.

The Government has announced long term policy measures which will accelerate the growth of solar energy in the Country which will require huge quantity of low iron glass. The energy produced will be more dependable by this non-conventional route and will reduce pressure on natural resources besides being non-polluting and environment friendly.

E. RISK AND CONCERNS

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 better compared to the previous year though Capacity utilisation was lower at 97% compared to over 100% in past few years due to technical problems in June 2008 which were sorted out. The sales value was higher due to 18% rise in the selling prices. The profit before interest, depreciation and tax was Rs 1590.22 lacs compared to Rs. 988.80 lacs (incl. exceptional income of Rs 385.46 lacs) in the previous year due to higher selling prices despite increase in Soda ash (key input) prices.

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

The industrial relations continued to be cordial.

Number of people employed as on 31st March, 2009 were as under:

Staff	: 148
Workers	: 265 (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 Exchange 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, 2009.

GUJARAT BOROSIL**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 and Company's bankers during the year under review. Directors also place on record their appreciation for the confidence reposed by the shareholders.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 30th June, 2009

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, 2009.

FORM A

01.4.2008 to 01.4.2007 to
31.3.2009 31.3.2008

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

Unit (Kwh)-Gross	5952025	5918720
Less: Generated from Wind farm	-2772028	-905016
Net-purchased power	3179997	5013704
Total Amount (Rs. in lacs)	204.23	270.49
Rate/Unit	6.42	5.40

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

Unit (Kwh)	56256	24096
Kwh/Ltrs of Diesel Oil	3.35	3.30
Cost/Unit	10.16	6.80

ii. Through Wind Turbine

Unit	2772028	905016
Cost/Unit	0.38	0.18

2. Furnace Oil/LSHS

Quantity (KL)	1546	1724
Total Cost (Rs. in lacs)	371	328
Average Rate/KL	24018	19015

3. L.P.G.

Quantity (MT)	—	—
Total Cost (Rs. in lacs)	—	—
Average Rate/MT	—	—

4. Natural Gas/RLNG

Quantity (SCM)	16371231	16543075
Total Cost (Rs. in lacs)	890.39	827.96
Average Rate/SCM	5.44	5.01

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

Natural Gas/RLNG (SCM)	1.35	1.29
L.P.G. (Gms) —	—	—
Furnace Oil/LSHS (Ltrs.)	0.13	0.13
Electricity (Kwh)	0.49	0.46