

GUJARAT BOROSIL

GUJARAT BOROSIL LIMITED

TWENTY-FOURTH ANNUAL REPORT
2012-2013

BOARD OF DIRECTORS

B. L. Kheruka - Chairman
P. K. Kheruka - Vice Chairman
Shashi Mehra
Jagdish Joshi
Ashok Jain - Whole-time Director
Ashok Kumar Doda

COMPANY SECRETARY

Kishor Talreja

REGISTERED OFFICE & PLANT

Village - Govali, Taluka - Jhagadia,
District - Bharuch - 393 001 (Gujarat).
☎: 02645-220300 (8 Lines)

CORPORATE OFFICE

1101, Crescenzo, G Block,
Opp. MCA Club, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051.
☎: 022-67406300

AUDITORS

M/s. Singhi & Co.
Chartered Accountants

BANKERS

Bank of Baroda

REGISTRAR & TRANSFER AGENTS

Universal Capital Securities Pvt. Ltd.
Unit : Gujarat Borosil Limited
21, Shakil Niwas,
Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
☎: 2820 7203 / 2820 7204 / 2820 7205

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NOTICE

Notice is hereby given that the Twenty-Fourth 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 Saturday, the 10th August, 2013 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, 2013 and the Statement of Profit and Loss 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. Shashi Mehra, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jagdish Joshi, 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.

Place: Mumbai
Date : 20th May, 2013

By Order of the Board

Registered Office:

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

KISHOR TALREJA
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) Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting 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 03rd August, 2013 to 10th August, 2013 (both days inclusive).
- (4) Members are requested to furnish their updated Bank Account details, change of address, if any, to the Company's Share Transfer Agents i.e. Universal Capital Securities Pvt. Ltd., Unit : Gujarat Borosil Ltd., 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093, quoting their folio number(s). If the shares are held in electronic form, then the said particulars should be furnished to their respective Depository Participants (DPs).
- (5) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends which remain unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account are to be transferred to the 'Investor Education and Protection Fund' established by the Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said fund after the said transfer.

All members who have either not received or have not encashed their dividend warrants for the financial years 2005-06, 2006-07, 2007-08 and 2008-09 are requested to approach the Company's Registrar & Transfer Agent viz. Universal Capital Securities Private Limited, immediately for claiming their unpaid dividends, if any.

During the financial year 2013-14, the Company is required to transfer the unpaid/ unclaimed dividend for the financial year 2005-06 to Investor Education and Protection Fund (IEPF) on September 19, 2013.

The last date for claiming the unpaid dividend amount for the financial year 2005-06 is on or before August 20, 2013.

- (6) Corporate members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board Resolution pursuant to Section 187 of the Companies Act, 1956 authorizing their representative to attend and vote on their behalf at the meeting
- (7) Members are advised to avail of nomination facility in respect of shares held by them. Nomination forms can be obtained from the Company's Share Transfer Agents.
- (8) The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in Corporate Governance', allowing paperless compliances by companies and has issued a circular to this effect on April 21, 2011 stating that the service of documents/notices by a company can be made through electronic mode.

We at GBL welcome this move from the Government and see this as a Golden opportunity not only for the Company but also for every shareholder of the Company to contribute its might to the greener environment. This will also help in prompt receiving of communications and reduce paper consumption.

The Notice of the Twenty-Fourth Annual General Meeting along with the Annual Report for the Corporate Financial Year 2013 is sent to all the Members whose e-mail id is registered with the Company. Such Members who wish to receive the Notice and the Annual Report copy in physical form may make a requisition at "investor.relations@gujaratborosil.com"

Members who have not registered their e-mail address so far are requested to register the same, by sending an email to "investor.relations@gujaratborosil.com" stating clearly their name & folio No., if shares are held in physical form and if the shares are held in dematerialized form, the e-mail address can be registered with their respective Depository Participants (DPs).

The Annual Report 2012-13 of the Company circulated to the members of the Company will be made available on the Company's website at www.gujaratborosil.com and also on the website of the stock exchange at www.bseindia.com.

- (9) 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. Shashi Mehra	Mr. Jagdish Joshi
Date of birth	December 19, 1952	February 23, 1944
Date of appointment	June 29, 2002	October 25, 2005
Qualifications	B.com., FCA	B.A. (Hons.)
Expertise in Functional areas	Vast experience in accounting, auditing & taxation	Mr. Jagdish Joshi, an I.A.S. Officer, retired as Additional Chief Secretary (Planning) Government of Maharashtra and has vast experience in administration as well as good knowledge of industry.
Directorship held in other Companies	NIL	NIL
Chairman/Member of the Committee of Board of other Public Limited Companies	NIL	NIL
Number of Shares held in the Company	NIL	NIL

Place : Mumbai
Date : 20th May, 2013

By Order of the Board

Registered Office:

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

KISHOR TALREJA
Company Secretary

DIRECTORS' REPORT

Dear Members,

The Directors present the Twenty-Fourth Annual Report with the audited statements of accounts of the Company for the financial year ended March 31, 2013.

Financial Highlights

The highlights of the financial results of the Company for the financial year 2012-13 are as follows:

	Year Ended 31.03.2013	Year Ended 31.03.2012
		(` in Lacs)
Net revenue from operations	9553.19	7909.50
Profit/(Loss) before interest, depreciation and tax	617.31	(575.34)
Interest	343.71	1155.41
Depreciation	1486.94	1390.10
Net Profit/(loss) before tax	(1213.34)	(3120.85)
Provision for Taxation	0.25	0.25
Income Tax for earlier years (net)	0	56.86
Provision for deferred tax liability /(Asset) created	(414.56)	(1066.04)
Profit/(loss) after tax	(799.03)	(2111.92)
Add: Balance brought forward from last year	(1621.72)	30.20
Add: Set off of loss from General Reserve	0	460.00
Balance carried to the Balance Sheet	(2420.75)	(1621.72)

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2013 on both Equity and 9% Cumulative Non-Convertible Redeemable Preference Shares, in view of loss incurred during the year.

PERFORMANCE**Sheet Glass**

The furnace was cooled down on 28th July, 2010 and it was decided not to renew the same for making sheet glass.

The surplus workmen of the sheet glass plant had disputed the Company's decision to go for partial closure against which the Company had filed appeal before the Gujarat High Court. In the meanwhile, the said workmen have been absorbed in the Solar Glass operations and Company has since withdrawn the appeal. A settlement with the recognized Workers union has been signed in March 2013.

Solar Glass

The Solar glass market worldwide continues to remain sluggish since March 2011 and the prices of modules and components are very low. Consequently, the prices of solar glass also are low and there is overcapacity in international market. The company started focusing on the domestic market and is now

supplying to almost all the Indian consumers of solar glass. However the domestic market also remained uncertain after March 2012 and the company had to rethink its strategy. In September 2012 the Company introduced Patterned glass for Architectural applications and has gradually added new designs. The experience to produce patterned glass led to significant improvement on operations and even solar glass production could be increased substantially with economies in consumptions and costs.

One of the major international customer who had bought lot of glass until December 2011, but due to drop in prices and quality had held back payments, on the pretext of claims. Finally after examining all the claims and protracted negotiations through discussions, a settlement was drafted. However, the customer did not sign the settlement and offered delayed payment schedules and wanted to leave the settlement open ended which was not agreed to. Finally a case has been filed in Court at Netherlands for recovery. Provision has been made in accounts for 2011-12 for the amount agreed to be allowed as discounts/claims and the amount recoverable has been shown as doubtful in 2012-13.

DIRECTORS

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Shashi Mehra and Mr. Jagdish Joshi, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Brief details of the Directors being appointed / reappointed have been incorporated in the Notice for the forthcoming Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in low iron solar glass production for application in solar power sector. Solar PV market internationally is facing tough times in view of recession in European countries. In India, Solar power is gaining momentum in view of policy push by the Government of India and is expected to grow.

In view of uncertain demand for solar glass the Company has started to produce Patterned glass for Architectural applications and the product has been well accepted in the market. The Company has plans to continue to serve this segment. In fact the Company is able to sell its Patterned glass at a premium over the competition owing to its superior quality.

The Company had last year decided to discontinue production of sheet glass and the furnace has not been renewed.

B. OPPORTUNITIES & THREATS

OPPORTUNITIES

- The Company is the only producer of solar glass in the country and the product is well accepted. The Company is in a position to seize the growing opportunity in the sector in domestic market. The Company will constantly watch the situation and enhance its capability to cater to growing market.
- With Patterned glass in new designs it has added capacity to serve Architectural glass segment and this market is expected to keep growing.

THREATS

- Frequent fluctuation in the international market due to Government policies and Oil prices swings the demand for PV modules and consequently the solar glass requirement. The selling prices also keep fluctuating on account of this.
- Despite impetus provided by the Government by announcing policies there is a slower than expected growth in implementation and there is a considerable time lag in approval of proposals by respective

state governments to set up solar power plants. This may cause delays in the growth. Moreover banks are still hesitant to finance setting up of solar power farms as this industry is relatively new.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

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

D. OUTLOOK

The growth of solar energy in the Country is expected to accelerate which will require huge quantity of low iron glass. The solar 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 Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets.

The Government approval to the solar power projects should be expedited if the Country has to achieve plans to produce solar energy. The continued pressure to quote lower prices for electricity to get Government allocations is leading to lower prices for input/component manufacturers thereby making them vulnerable which will affect health of the Industry.

It is also necessary for commercial banks to extend finance for solar projects.

There are imports of solar glass and Modules from China in view of overcapacity and lower international demand. The Chinese producers resort to dumping which put added pressure on domestic prices. There is an urgent need to take measures to curb dumping.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control System commensurate with its size and nature of business. All transactions are properly authorized, recorded and reported to the management. 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 of the Board periodically.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The working has resulted in a profit before interest and depreciation of ` 617.31 lacs (net of ` 91.65 lacs debited on account of amounts payable under wage settlement) during the year as against a loss of ` 575.34 lacs in the previous year. The working has improved in the second half of the year after starting production of Patterned glass and the Company expects better performance in 2013-14.

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

As stated the Company has reached settlement with the Workers' Union. The industrial relations continued to be cordial.

Number of people employed as on 31st March, 2013 were as under:

Staff	:	188
Workers	:	207 (Excluding contract labours)

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, 2013.

DEPOSITS

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

POLLUTION CONTROL

The Company's plants do not generate any effluent except flue gas, the chemical composition of which is within permissible limits.

AUDITORS:**STATUTORY AUDITORS**

M/s. Singhi & Company, Chartered Accountants, Statutory Auditors of the Company (FRN 110283W) will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Singhi & Company, Chartered Accountants, have confirmed that their re-appointment, if made, shall be within the limits of Section 224(1B) of the Companies Act, 1956.

The Board recommends their re-appointment as Statutory Auditors and to fix their remuneration.

COST AUDITORS AND COST AUDIT REPORT

Pursuant to section 233B (2) of the Companies Act, 1956, the Board of Directors on the recommendation of the Audit Committee appointed M/s. Kailash Sankhlecha & Associates, Cost Accountant, as the Cost Auditors of the Company for the Financial year 2013-14. M/s. Kailash Sankhlecha & Associates have confirmed that their appointment is within the limits of the Section 224 (1B) of the Companies Act, 1956 and have also certified that they are free from any disqualifications specified under section 233B(5) read with Section 224 sub section (3) and sub-section (4) of Section 226 of the Companies Act, 1956.

The Audit Committee has also received a Certificate from the Cost Auditor Certifying their independence and arm's length relationship with the Company. Pursuant to The Companies (Cost Audit Report) Rules, 2011, the Cost Audit Report for the financial year 2011-12 was filed on 28/02/2013 vide SRN No.S20426086 with the Ministry of Corporate Affairs.

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 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

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company as there was no employee drawing remuneration to the extent mentioned therein.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to the Directors' Report.

ACKNOWLEDGMENT

Your Directors would like to convey their deep appreciation for the co-operation received from employees, Company's bankers, Customers and Government Authorities 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 : 9th May, 2013

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 BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2013

FORM A

01.4.2012 to 01.4.2011 to
31.3.2013 31.3.2012

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

a. Purchased		
Unit (Kwh)-Gross	3696058	5422590
Less: Generated from Wind farm	-2314481	-2440106
Net purchased power	1381577	2982484
Total Amount (₹ in lacs)	275.34	355.95
Rate/Unit	7.45	6.56
b. Own Generation		
i. Through Diesel Generator		
Unit (Kwh)	38080	728517
Kwh/Ltrs of Diesel Oil	1.79	2.83
Cost/Unit	28.41	15.37
ii Through Wind Turbine		
Unit	2314481	2440106
Cost/Unit	0.92	0.69
iii Through Gas Genset		
Unit	10895760	7651608
Cost/Unit	2.93	3.81
iv Through Gas Genset (Hired)		
Unit	1210932	Nil
Cost/Unit	2.64	Nil

2. Furnace Oil/LSHS

Quantity (KL)	Nil	Nil
Total Cost (₹ in lacs)	Nil	Nil
Average Rate/KL	Nil	Nil

3. Natural Gas/RLNG

Quantity (SCM)	11890427	9790535
Total Cost (₹ in lacs)	1081.34	827.17
Average Rate/SCM	9.09	8.45

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

Natural Gas/RLNG (SCM)	1.62	2.19
L.P.G. (Gms)	Nil	Nil
Furnace Oil/LSHS(Ltrs.)	Nil	Nil
Electricity (Kwh)	0.51	1.21
Electricity+ CPP (Kwh)	1.99	2.92