

Annual Report

2000-2001



The Indo-Asahi Glass Company Ltd.

CONTENTS

Board of Directors	2
Directors' Report	3
Auditors' Report	7
Annexures to Auditors' Report	8
Balance Sheet	10
Profit and Loss Account	11
Schedules forming part of Balance Sheet	12
Schedules forming part of Profit & Loss Account	16
Notes on Accounts	17
Balance Sheet Abstract and Company's General Business Profile	23
Cash Flow Statement	24

Enclosures :

Notice to the Shareholders

Proxy Form/Attendance Slip



THE INDO-ASAHI GLASS COMPANY LIMITED

THE INDO-ASAHI GLASS COMPANY LTD.

BOARD OF DIRECTORS

MR. P. N. ROY, *Chairman*
 MR. L. K. KHEMKA, *Managing Director*
 MR. R. MITRA
 MR. P. K. MALLIK
 MR. S. K. BISWAS
 MR. N. S. GHOSH
 MR. C. K. KHEMKA
 MR. H. R. PARIKH

SECRETARY

MR. A. BANERJEE

BANKERS

STATE BANK OF INDIA
 BANK OF INDIA
 BANK OF AMERICA
 UNION BANK OF INDIA
 DENA BANK
 HDFC BANK LTD.
 GLOBAL TRUST BANK LTD.

AUDITORS

D. BASU & CO.
 Chartered Accountants

SOLICITORS AND ADVOCATES

ORR, DIGNAM & CO.

REGISTERED OFFICE

3, HUNGERFORD STREET
 KOLKATA – 700 017

FACTORY

BHURKUNDA
 P.O. BHADANINAGAR
 DIST. HAZARIBAGH
 JHARKHAND

BARASAT ROAD
 SODEPORE-743 178
 24 PARGANAS (NORTH)
 WEST BENGAL



DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting their Annual Report together with the Audited Accounts for the year ended 30th September, 2001.

	<i>Rounded off to nearest Rs./Lakhs</i>	
	This year ended 30.09.2001	Previous year ended 30.09.2000
FINANCIAL RESULTS		
Income (Sales & Other Income)	10474	8715
Profit/(Loss) before depreciation and write back of liabilities and provisions	546	(1320)
Depreciation	314	(434)
	232	(1754)
Liabilities and Provisions		
no longer required written back	10	10
	242	(1744)
Less : Investment Allowance Reserve written back	—	277
Add : Reserve created earlier written back	4520	—
	4762	(1467)
Less : Operating losses recoverable from Asahi Glass Company Ltd.	—	50
	4762	(1417)
Less : Transfer to Revaluation Reserve	3247	—
	1515	(1417)
Balance brought forward from previous year	(1803)	(386)
Loss carried to Balance Sheet	(288)	(1803)

(Figures of the last year have been regrouped wherever necessary)

OPERATIONS

Your Directors are happy to mention that the Company's performance during the year under review has been satisfactory. After sustaining losses continuously for several years the Company has ultimately come out of the red and booked a profit of Rs. 242 lakhs in the last fiscal. Sales volume of the Company's products registered a growth by 20% and the productivity for Sheet Glass had increased by 8% and Figured Glass by 35% in the year under review over those in the previous year. This achievement has been made despite the fact that the Glass Industry, as a whole, has been passing through the serious recessionary phases and general economy in the country continued to pitch in low ebb.

For the purpose of continuing this growth rate, the Management has already introduced effective cost control measures in all spheres of activities and the same has already started yielding positive results. The Company has decided to introduce some value-added products in the existing product-range which may culminate in the increase of sales volume further both in domestic and export markets.

Despite some operational improvement, the Company had undergone severe fund crisis during the last fiscal owing to various uncontrollable factors and the same has been continuing till to-date.



THE INDO-ASAHI GLASS COMPANY LIMITED

PROSPECT

In spite of non-stimulative and un-economic market condition prevailing over the Glass Industry, the performance of the Company has been set to move on the desired track of profitability. Operational results in the current year also are poised for further growth and improvement barring unforeseen conditions.

DIVIDEND

Despite the profit earned by the Company in the year under review, the Directors regret that they are unable to recommend dividend due to carry forward loss of Rs. 288 lakhs and unabsorbed depreciation of previous years.

COMMENTS ON AUDITORS' REMARKS

As to the Auditors' remarks in their report on the financial results of the Company comments relating to paragraphs 2.3, 2.4, 2.5 have been explained in the Schedule-'K' to the Accounts.

As regards remarks in paragraph 17 of the Annexures to the Auditors' Report — the same was in arrears due to acute financial crisis and all out efforts are being made for payment on top priority basis.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of the Directors) Rules 1988 is annexed hereto forming part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the statement is annexed hereto forming part of the Report.

AUDIT COMMITTEE

The Audit Committee, which had been constituted in the previous year pursuant to Section 292A of the Companies Act, 1956, held three meetings in the year under review.

DIRECTORS

Mr. N. S. Ghosh, works Director, has been reappointed with effect from 01-10-2001 for a further period of 2 years subject to the approval of his appointment and terms of remuneration and conditions of service by the Company at the ensuing Annual General Meeting.

Mr. C. K. Khemka and Mr. H. R. Parikh retire by rotation and being eligible offer themselves for reappointment.

AUDITORS

M/s D. Basu & Co., Chartered Accountants retire and are eligible for reappointment.

PERSONNEL

Industrial relations continued to be peaceful and cordial. Long term settlements with the employees of the Company both at the Factory and Head Office have been entered into during the period. The Directors wish to place on record their appreciation of the co-operation received from the employees at all levels during the year.

No employee of the Company is falling under the purview of Section 217 (2-A) of the Companies Act, 1956, as amended, read with the Companies (Particular of Employees) Rules 1975.

APPRECIATION

Your Directors wish to place on records their grateful appreciation of the continued support given by the Commercial Banks, Central and State Governments, Bharat Glass Tube Ltd., Glass Dealers and Processors.

On behalf of the Board of Directors

P. N. ROY

Chairman

Kolkata, February 21, 2002.



11. As far as we can ascertain on the basis of our selective checking and according to the information and explanations given to us, it appears that the transactions of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating to Rs. 50,000.00 or more during the year in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials, or services or the prices at which transactions for similar goods or services have been made with other parties.
12. According to the information and explanations given to us, the Company has a process of determining unserviceable or damaged stores, raw materials. However, no such unserviceable or damaged goods have been determined during the year.
13. According to the information given to us, the Company has not accepted any deposits from public, under the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, during the year.
14. In our opinion, reasonable records have been maintained by the Company for the sale, usage and/or disposal of significant realisable scraps. We are informed that the Company has no by-product.
15. The Company's Internal Audit System, in our opinion, is commensurate with the size and the nature of its business.
16. As informed to us, maintenance of cost records has not been prescribed for any of the Company's product under Section 209(1)(d) of the Companies Act, 1956.
17. *Provident Fund and Employees' State Insurance dues have not been regularly deposited with the appropriate authorities during the year and a sum of Rs. 32.02 lakhs was in arrears as on the Balance Sheet date.*
18. According to the information and explanations given to us and the books and records examined by us, *except for Rs. 3.61 lakhs payable in respect of Sales Tax*, there are no undisputed amounts, payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at September 30, 2001 for a period exceeding six months from the date they became payable.
19. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account which, in our opinion and judgement and to the best of our knowledge and belief could be regarded as personal expenses.
20. The Company is not a Sick Industrial Company within the meaning of Section (3)(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

10, Old Post Office Street,
Kolkata - 700 001.
Dated : February 21, 2002.

For D. BASU & CO.
Chartered Accountants
ATANU CHATTERJEE
Partner



THE INDO-ASAHI GLASS COMPANY LIMITED

Balance Sheet as at 30th September, 2001

		Rupees in lakhs			
	Schedule	As at 30th September, 2001		As at 30th September, 2000	
I. SOURCES OF FUNDS					
(1) <i>Shareholders' Funds</i>					
(a) Capital	A	643.94		643.94	
(b) Reserves and Surplus	B	3132.12	3776.06	4522.01	5165.95
(2) <i>Loan Funds</i>	C				
(a) Secured Loans		100.16		—	
(b) Unsecured Loans		1,666.74	1766.90	1649.60	1649.60
TOTAL			5542.96		6815.55
II. APPLICATION OF FUNDS					
(1) <i>Fixed Assets</i>	D				
(a) Gross Block		10124.57		10065.20	
(b) Less: Depreciation		5239.13		4810.09	
(c) Net Block			4885.44		5255.11
(2) <i>Investments</i>	E		23.05		23.05
(3) <i>Current Assets, Loans and Advances</i>	F				
(a) Inventories		1404.66		1326.41	
(b) Sundry Debtors		477.46		290.69	
(c) Cash and Bank Balances		155.39		68.56	
(d) Other Current Assets		2.50		4.76	
(e) Loans and Advances		402.45		299.62	
		2442.46		1990.04	
<i>Less : Current Liabilities and Provisions</i>	G				
(a) Liabilities		2095.05		2254.28	
(b) Provisions		1.03		1.03	
		2096.08		2255.31	
<i>Net Current Assets</i>			346.38		(265.27)
(4) Profit and Loss Account-Debit Balance			288.09		1802.66
TOTAL			5542.96		6815.55

**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

K

In terms of our attached report of even date.

On behalf of the Board of Directors

For D. BASU & CO.

Chartered Accountants

ATANU CHATTERJEE

Partner

P. N. ROY — Chairman

L. K. KHEMKA — Managing Director

A. BANERJEE — Secretary

10, Old Post Office Street,
Kolkata-700 001, February 21, 2002.

Profit and Loss Account for the year ended 30th September, 2001

		Rupees in lakhs			
	Schedule	For the year ended 30th September, 2001		For the year ended 30th September, 2000	
I. INCOME					
Sales (including excise duty)		10448.03		8689.11	
Other Income	H	25.71		25.58	
Liabilities & Provisions no longer required written back		9.76		10.44	
Prior period income		—		8.82	
Increase/(Decrease) in Stock	I	<u>106.95</u>	10590.45	<u>(252.85)</u>	8481.10
II. EXPENDITURE					
Raw Materials Consumed (Schedule-K, Note-13)		2438.91		1729.60	
Manufacturing and Other Expenses	J	6199.94		6957.37	
Excise Duty (Inclusive of Excise Duty on closing stock at factory Rs. 61.14 lakhs)		1382.00		1087.80	
Finance Charges (Schedule-K, Note-19)		13.60		15.69	
Depreciation (Schedule-K, Note-20)		<u>314.43</u>	10348.88	<u>434.59</u>	10225.05
III. PROFIT / (LOSS) FOR THE YEAR					
Profit before Taxation		241.57		(1743.95)	
Provision for Taxation		—		—	
Net Profit after Taxation		<u>241.57</u>		(1743.95)	
Less : Investment Allowance Reserve written back		—		276.38	
Add : Reserve created in earlier years written back (Schedule-K, Note-7)		4519.64		—	
		<u>4761.21</u>		(1467.57)	
Less : Transfer to Revaluation Reserve (Schedule-K, Note-7)		3246.64		—	
		<u>1514.57</u>		(1467.57)	
Less : Operating losses recoverable from Asahi Glass Company Ltd., Japan		—		50.36	
		<u>1514.57</u>		(1417.21)	
Balance brought forward from previous year		<u>(1802.66)</u>		<u>(385.45)</u>	
Loss carried to the Balance Sheet		<u>(288.09)</u>		<u>(1802.66)</u>	

**ACCOUNTING POLICIES AND
NOTES ON ACCOUNTS**

K

In terms of our attached report of even date.

On behalf of the Board of Directors

For D. BASU & CO.

Chartered Accountants

ATANU CHATTERJEE

Partner

P. N. ROY — Chairman

L. K. KHEMKA — Managing Director

A. BANERJEE — Secretary

10, Old Post Office Street

Kolkata-700 001, February 21, 2002



THE INDO-ASAHI GLASS COMPANY LIMITED

Schedules forming part of Balance Sheet

	Rupees in lakhs		
	As at	As at	
	30th September, 2001	30th September, 2000	
SCHEDULE - A			
SHARE CAPITAL			
AUTHORISED :			
70,00,000 Ordinary Shares of Rs. 10/- each	<u>700.00</u>		<u>700.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID UP :			
Ordinary Shares of Rs. 10/- each			
28,69,700 — Issued for cash	286.97	286.97	
3,50,000 — Issued for consideration other than cash	35.00	35.00	
32,19,700 — Issued as Bonus Shares on capitalisation of share premium	<u>321.97</u>	<u>321.97</u>	<u>643.94</u>
	<u>643.94</u>		<u>643.94</u>
SCHEDULE - B			
RESERVES AND SURPLUS			
1. CAPITAL RESERVE :			
Subsidy from Government of Bihar under Industrial Housing Scheme (As per last Account)	0.40	0.42	
Less : Adjusted against Depreciation	<u>0.02</u>	<u>0.02</u>	0.40
2. Reserves arising out of Agreements with Asahi Glass Company Ltd. Japan, on account of :-			
(i) Waiver of liability of Asahi Glass Company Ltd. Japan			
(ii) Takeover of Company's liability to Bank of Tokyo-Mitsubishi Ltd. by Asahi Glass Company Ltd., Japan			
As per last Account	4519.64	4519.64	
Less : Transferred to Profit and Loss Account	<u>4519.64</u>	—	4519.64
3. REVALUATION RESERVE :			
As per last Account	—	—	
Add : Transfer from Profit & Loss Account	<u>3246.64</u>	—	
	<u>3246.64</u>	—	
Less : Adjusted against Depreciation (Schedule-K, Note-20)	<u>116.87</u>	<u>3129.77</u>	—
4. SHARE PREMIUM (As per last Account)		1.97	1.97
5. INVESTMENT ALLOWANCE RESERVE :			
As per last Account	—	276.38	
Less : Transferred to Profit and Loss Account	—	<u>276.38</u>	—
		<u>3132.12</u>	<u>4522.01</u>
SCHEDULE - C			
LOAN FUNDS			
1. SECURED : (Schedule-K, Note-1)	100.16		—
2. UNSECURED :			
Soft Loan from Asahi Glass Co. Ltd., Japan			
— Long Term Loan — [Schedule-K Note 8]			
(inclusive of Export Advance of Rs. 425.48 lakhs)			
— As per last Account	1301.36	1301.36	
Less : Adjusted during the year	<u>0.62</u>	<u>1300.74</u>	1301.36
— Bharat Glass Tube Ltd.	—	—	3.24
— Bank of Tokyo Mitsubishi Ltd.	345.00		345.00
— Inter-corporate deposits	<u>21.00</u>		—
	<u>1766.90</u>		<u>1649.60</u>