

34th Annual Report 1996-97

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BOROSIL

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BOROSIL GLASS WORKS LTD.



BOROSIL

BOARD OF DIRECTORS

Mr. B. L. Kheruka, Chairman
Mr. U. C. Kheruka
Mr. P. K. Kheruka
Mr. P. K. Khaitan (Alternate for Mr. U.C. Kheruka)
Mr. A. C. Dalal
Mr. V. N. Nadkarni
Mr. A. J. Advani (Nominee of ICICI)
Mr. F. Sarkar (Whole-time Director)

COMPANY SECRETARY

Mr. A. Chandarana

REGISTERED OFFICE

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

FACTORY

- Marol-Maroshi Road, Off Military Road,
Mumbai 400 059.
- Maraimalai Nagar 603 209
Tamilnadu

SALES OFFICES

- Block No. 403/404, Kaliandas Udyog Bhavan Premises
Co-op. Society Ltd.,
Near Century Bazar, Worli, Mumbai - 400 025.
- Dabriwala House, 10, Middleton Row,
Calcutta 700 071.
- 161, Anna Salai, Chennai - 600 002.
- 19/90, Connaught Circus, New Delhi- 110 001.

BANKERS

Bank of Baroda
Union Bank of India
ICICI Banking Corporation Ltd.

SOLICITORS

Crawford Bayley & Co.
Mumbai

SHARE DEPARTMENT

403/404, Kaliandas Udyog Bhavan Premises
Co-op. Society Ltd., Near Century Bazar.
Worli, Mumbai 400 025.

NOTICE

NOTICE is hereby given that the Thirty-Fourth Annual General Meeting of the Members of Borosil Glass Works Limited will be held at The Maharashtra State Bharat Scouts & Guides (Govindram Seksaria) Pavilion Hall, Veer Savarkar Marg, Shivaji Park, Dadar, Mumbai 400 028 on Thursday, 28th August, 1997 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 1997 and the Directors' and Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. U.C. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P.K. 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, and for the purpose, to pass the following Resolution, which will be proposed as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs. S.R. Batliboi & Co., Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration plus out of pocket expenses and additional fees for extra services, if any, as may be agreed to between the Board of Directors and Messrs S.R. Batliboi & Co."

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, 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 for mortgaging, charging and/or otherwise encumbering all the immovable and moveable properties of the Company whatsoever and wheresoever situated, including Company's right as lessee on land and building acquired on lease from Vylene Glass Works Limited, both present and future in such form and manner as may be agreed to by the Board of Directors and the chargeholders in favour of the following Banks namely

- (1) Bank of Baroda (BOB)
- (2) Union Bank of India (UBI) and
- (3) ICICI Banking Corporation Limited (ICICI Bank) to secure the repayment of working capital facilities of
 - (i) Rs. 63.00 lacs granted by BOB to the Company
 - (ii) Rs. 29.00 lacs granted by UBI to the Company and
 - (iii) Rs. 188.00 lacs granted by ICICI Bank to the Company.

together with interest at the respective agreed rate, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to Banks in terms of their respective Loan Agreements, Consortium Agreement, Hypothecation Agreements, Letters of Sanction, Memorandum of Terms and Conditions,

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entered into/to be entered into by the Company, in respect of any and all the said facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, appropriate or desirable for giving effect to this Resolution."

7. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, indexes, copies of Annual Returns, original transfer deeds, copies of transfer register, correspondence with shareholders, copies of dividend/tax at source register, UPC registers of various types instead of being kept at the Registered Office of the Company at Khanna Construction House, 44, Dr. R. G. Thadani Marg, Worli, Mumbai 400 018 be kept at 207, Famous Cine Bldg., 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011 where the necessary registers, indexes as mentioned above shall remain open for inspection during the business hours of the Company."

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. A 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 relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business under items No. 5 to 7 as set out above, is annexed hereto and form part of this Notice.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 1997 to 28th August, 1997, both days inclusive.
- (4) The Dividend on shares as recommended by the Board of Directors of the Company, if declared at the meeting will be made payable on and after 6th October, 1997 to those shareholders whose names stand on the Register of Members of the Company as on 28th August, 1997.
- (5) The Members are requested to :
 - (a) Bring their copy of the Annual Report with them at the Annual General Meeting.
 - (b) Notify immediately the change of address, if any, to the Company's Share Department at 403/404, Kaliandas Udyog Bhavan Premises Co-Op. Society Ltd., Near Century Bazar, Worli, Mumbai 400 025, quoting their folio number(s).
- (6) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31st March, 1993 have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra.
- (7) In order to avoid fraudulent encashment of Dividend Warrants, the shareholders are requested to furnish the details of their saving/current account number, name and branch of the bank to enable the Company to incorporate the said details in the Dividend Warrants. The Company will not be responsible for any loss arising out of fraudulently encashed Dividend Warrants.

Date : 28th June, 1997

By Order of the Board

Registered Office :

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

A. CHANDARANA
Company Secretary

ANNEXURE TO THE NOTICE**Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.****Item No. 5**

The Financial Institutions, Insurance Companies and Banks at present hold and are likely to continue to hold at the date of ensuing Annual General Meeting not less than 25% of the Subscribed Share Capital of the Company which necessitates the passing of a Special Resolution under the provisions of Section 224A of the Companies Act, 1956.

The Directors recommend the passing of the Special Resolution contained in item 5 of the accompanying Notice. None of the Directors of the Company may be considered to be concerned or interested in this Resolution.

Item No. 6

The Company had earlier been sanctioned working capital facilities by Bank of Baroda (BOB) and Union Bank of India (UBI) to the extent of Rs. 640 lacs and Rs. 270 lacs respectively, which was secured inter alia by a mortgage/charge on certain immovable/movable properties of the Company pursuant to resolution passed at the Thirty Second Annual General Meeting of the Company held on 12th September, 1995.

Since then, ICICI Banking Corporation Limited has joined consortium of Company's working capital bankers and has sanctioned working capital facilities to the extent of Rs. 188 lacs. Moreover, BOB has enhanced their working capital facilities from Rs. 640 to Rs. 703 lacs and similarly UBI has enhanced the said facilities from Rs. 270 lacs to Rs. 299 lacs. All these fresh/enhanced facilities are required to be secured inter alia by a second and subservient mortgage/charge on certain immovable properties of the Company, both present and future, including Company's right as lessee in land and building taken on lease from Vylene Glass Works Ltd.

Since, the relevant security documents creating such mortgage/ charge may include power to takeover/sell assets of the Company in certain events, it is desirable to pass an ordinary resolution in terms of Section 293(1)(a) of the Companies Act, 1956, before creation of such mortgage/charges.

The Directors, therefore, recommend passing of the Ordinary Resolution under item no. 6 of the accompanying Notice.

None of the Directors of the Company may be deemed to be concerned or interested in this Resolution.

Item No. 7

For administrative convenience, it is proposed to shift the present Share Department situated at 403/404, Kaliandas Udyog Bhavan Premises Co-op. Society Ltd., Near Century Bazar, Prabhadevi, Mumbai - 400 025. to 207, Famous Cine Bldg., 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

Having regard to the provisions of Section 163 of the Companies Act, 1956, the consent of the Members by a Special Resolution is required to be accorded for keeping the Company's Register of Members, Index of Members, copies of Annual Returns and copies of certificates and documents required to be annexed thereto, at any place other than the Registered Office of the Company.

The Directors, therefore, recommend the passing of Special Resolution contained in item No. 7 of the accompanying Notice.

A copy of the Special Resolution as set out in the accompanying Notice and which is proposed to be passed at the Annual General Meeting shall be delivered in the Office of the Registrar of Companies, Maharashtra, Mumbai, as required by the said Section 163.

None of the Directors may be considered to be concerned or interested in the Resolution.

Date : 28th June, 1997

By Order of the Board

Registered Office :

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

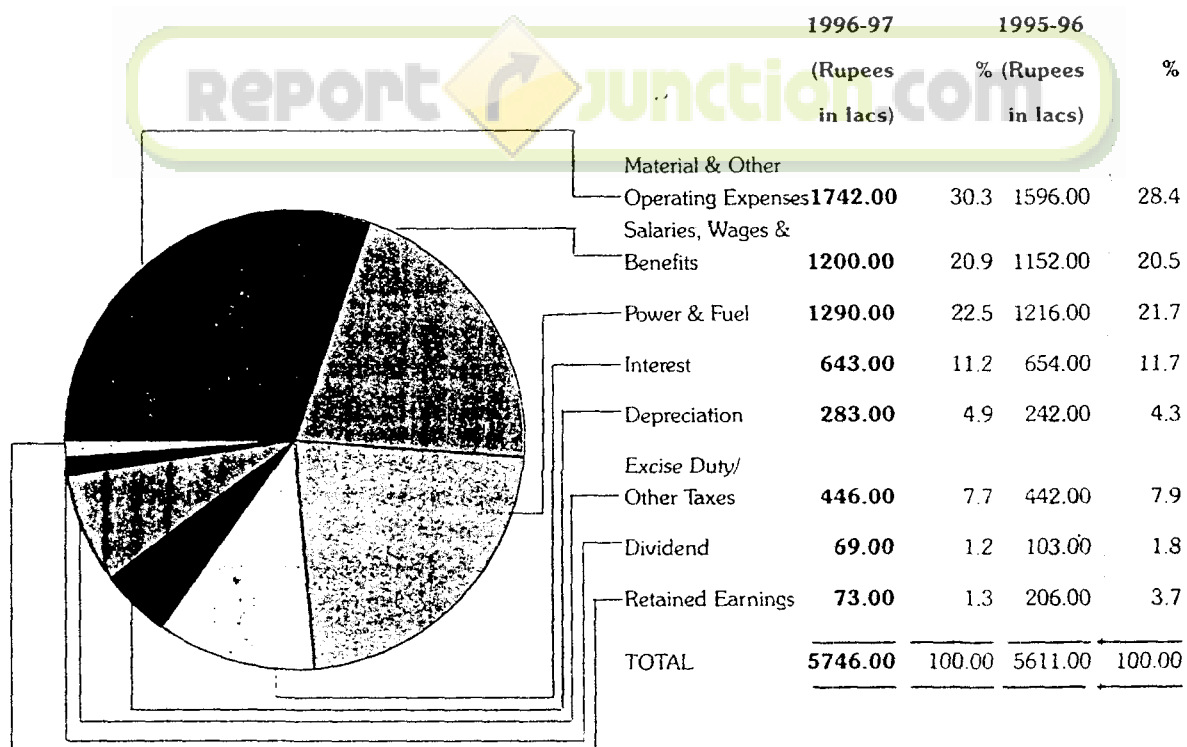
A. CHANDARANA
Company Secretary

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FIVE YEAR FINANCIAL HIGHLIGHTS

		1996-97	1995-96	1994-95	1993-94	1992-93
Sales	(Rs.Lacs)	5575.85	5362.39	4599.48	4095.30	3629.41
Profit Before Tax	(Rs.Lacs)	165.66	311.88	412.95	428.46	504.42
Profit Before Tax as % on Sales		2.97	5.82	8.98	10.47	13.90
Provision for Taxation	(Rs.Lacs)	18.03	3.12	35.00	72.27	159.53
Profit After Tax	(Rs.Lacs)	147.63	308.76	377.95	356.19	344.89
Profit After Tax as % on Sales		2.65	5.76	8.22	8.70	9.50
Dividend	%	20.00	30.00	30.00	30.00	30.00
Net Earnings per Share(Rs.)		4.31	9.00	11.02	10.39	10.06
Shareholders' Funds	(Rs.Lacs)	2711.02	2638.83	2432.94	2157.77	1904.37
Book Value per Share	(Rs.)	79.06	76.95	70.95	62.94	55.55
Return on Investment	(%)	11.86	14.82	13.78	16.97	16.84

DISTRIBUTION OF INCOME



BOROSIL**DIRECTORS' REPORT**

Your Directors are pleased to present their Thirtyfourth Annual Report and the Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

	(Rupees in lacs)	
	Year ended 31.3.1997	Year ended 31.3.1996
Gross Sales (Including Excise Duty)	5575.85	5362.40
Excise Duty	329.17	327.75
Gross Profit for the year after interest	448.95	553.67
Less: Depreciation	283.29	241.79
Profit before tax	165.66	311.88
Provision for tax	18.03	3.12
Net Profit after tax	147.63	308.76
Add: Balance as per last year	510.79	459.90
Balance available for appropriation	658.42	768.66
- Proposed Dividend	68.58	102.87
- Tax on proposed Dividend	6.86	—
- Transfer to Debenture Redemption Reserve	55.00	55.00
- Transfer to General Reserve	50.00	100.00
- Balance carried to Balance Sheet	477.98	510.79

DIVIDEND

Your Directors recommend for your consideration, payment of Dividend @ 20% (Rs. 2/- per share), subject to the approval of the term lending financial institutions, payable out of the profit for the year ended 31st March, 1997.

PERFORMANCE

During the year under review, the sales were higher at Rs.5576 lacs as compared to Rs.5362 lacs during the previous year. However, the working results have been affected by the following reasons:

- (a) The main furnace at the Marol Plant viz. Tank-I had to be shutdown for a period of over two months for modernisation and expansion causing loss of production. Further, the aforesaid shut down, originally scheduled in April '96 had to be delayed by nearly four months to July '96 owing to delay in supply of critical refractories. This compelled the Company to continue operation of the furnace at much reduced production efficiency levels during the said period.

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- (b) Some of the foreign competitors taking opportunity of shutdown of Tank-I, had started selling their products at a low price consequent to reduced import duty under the liberalised environment.
- (c) A major part of the laboratory glassware sales of the Company is to various Government Departments and bodies. In 1996-97, the offtake of these products by such agencies was at a much lower level owing to their budgetary constraints.

On resumption of production on Tank-I, the Company is better placed to service the domestic and export markets.

MODERNISATION

As a part of the Modernisation Project, the Recuperator on Tank-II at Marol has been replaced, which has resulted in substantial increase in fuel efficiency. The electric boosting system has also been installed on Tank-I for enhancing its melting capacity. Further, the laser-based O.D. gauging and monitoring system is under commissioning, which is expected to be completed by August, 1997.

EXPORTS

Exports during the year was Rs. 132 lacs against Rs. 122 lacs in the previous year. With increase in product availability, the Company has initiated efforts for establishing new export markets in South America, Africa and South East Asia. It is expected that the export during the current year will be substantially higher.

FUTURE OUTLOOK

As the production at the Maraimalai Nagar Plant has been fully stabilized, it is expected that with the improvement in Tank-I performance, the Company's production in the current year would be much higher with resultant increase in sales.

SUBSIDIARY COMPANIES

The financial results of Gujarat Borosil Ltd. and Swapan Properties Ltd. are given in the Annual Accounts and Directors' Reports of the respective Companies which are annexed hereto.

Production and Sales of Gujarat Borosil Ltd. (GBL) in the year ended 31st March, 1997 were higher by nearly 16% and 18% respectively (in quantitative terms) as compared to that of the previous year. GBL was operating at cash break-even level during the first half of the year under review. However, in the middle of the year two large float glass manufacturers of the country resorted to predatory pricing, which led to steep fall in price of sheet glass by nearly 40% in September '96 as compared to that in June '96. This had a telling effect on the financials of all flat glass manufacturing companies including GBL. The total loss of GBL for the year amounted to Rs. 795 lacs after charging interest but before depreciation. GBL alongwith two other flat glass manufacturers have filed a complaint before MRTP Commission against such predatory pricing policy. The case is pending. Since the last two months, however, the prices of sheet/float glass have started firming up and are now at a level; which, if sustained, will make GBL's operations viable.

SAFETY AND POLLUTION CONTROL

The Company is continuously endeavouring to ensure safe working conditions for all its employees.

The manufacturing activities of the Company do not pollute the environment.

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INDUSTRIAL RELATIONS

During the year under review, the Company has successfully concluded a settlement with the newly recognised Union at the Maraimalai Nagar Plant. However, the negotiations for fresh settlement with the recognised Union at the Marol Plant remained inconclusive in view of the Union's decision to seek judicial intervention.

On the whole, the functional relationship with the employees remain cordial.

FIXED DEPOSITS

The Company mobilised fixed deposit of Rs. 3.65 lacs in the year 1996-97 and the total amount of deposit as on 31st March 1997 was Rs. 90.22 lacs. There were 69 deposits amounting to Rs. 3.90 lacs due for repayment which remained unclaimed as on 31st March, 1997. As of the date of this report, of these, none of the deposits has been renewed but deposits amounting to Rs. 0.36 lacs have been repaid.

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.

AUDITORS

Members are requested to appoint Auditors for the ensuing year.

M/s. S.R. Batliboi & Co., Chartered Accountants, retire and are eligible for re-appointment. As required per proviso to Section 224(1) of the Companies Act, 1956, a written certificate has been obtained by the Company from the Auditors stating that if they are re-appointed Auditors of the Company, such re-appointment would be within the limits specified in Section 224(1-B) of the Companies Act, 1956.

DIRECTORS

Messrs U.C. Kheruka and P.K. Kheruka retire by rotation and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are annexed to, and form a part of the report.

ACKNOWLEDGEMENTS

We record our appreciation of the co-operation received from our employees, bankers and financial institutions during the year.

For and on Behalf of the Board of Directors

Mumbai : 28th June, 1997

B.L. KHERUKA
CHAIRMAN