

## 35th Annual Report 1997-98

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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. B. K. Gupta (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.

**FACTORY**

- 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 - 700 001.
- 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**

207, Famous Cine Building  
Dr. E. Moses Road  
Mahalaxmi, Mumbai - 400 011.

# BOROSIL

## NOTICE

NOTICE is hereby given that the Thirty-fifth Annual General Meeting of the Members of Borosil Glass Works Limited will be held at "Emperor Hall", 1st Floor, Hotel Kohinoor Park, Veer Savarkar Marg, Prabhadevi, Mumbai 400 025 on Tuesday, 29th September, 1998 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, 1998 and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. A.C. Dalal who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. V.N. Nadkarni 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, 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:

5. To consider and, if thought fit, to pass, with or without modification, 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. B.K. Gupta, who was 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."
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 198, 269, 309 and Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of and remuneration payable to Mr. B.K. Gupta as a Whole-time Director of the Company with effect from 1st April, 1998, upon and subject to the terms and conditions including the remuneration as set out in the Agreement to be entered into between the Company and Mr. B.K. Gupta, a draft whereof is placed before the meeting and, for the purpose of identification, subscribed by the Chairman of the Board of Directors, with liberty to the Board from time to time to alter, vary or modify the said terms and conditions in such manner as may be agreed upon between the Board and Mr. B.K. Gupta but within the limits specified in that behalf in Schedule XIII to the said Act or amendments thereof or otherwise as permissible at law for the time being in force."

AND FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient to give 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 the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and of the Articles of Association of the Company, the Directors of the Company (other than Managing and Whole-time Directors) be paid a commission of such an aggregate amount, as may be determined by the Board of Directors, not exceeding 1% of the net profits of the Company, of the relevant accounting year as computed in the manner prescribed under Section 198 of the Companies Act, 1956, and the said sum be distributed amongst them in such proportion and in such manner as may be decided by the Board of Directors in that behalf."

AND RESOLVED FURTHER THAT the commission as aforesaid, be payable to the Directors for a period of five accounting years of the Company, commencing with the accounting year beginning from 1st April, 1998."

# BOROSIL

8. 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 Institutions and Banks namely
- (1) Industrial Development Bank of India (IDBI);
  - (2) The Industrial Credit and Investment Corporation of India Ltd. (ICICI);
  - (3) Bank of Baroda (BOB);
  - (4) Union Bank of India (UBI); and
  - (5) ICICI Banking Corporation Ltd. (ICICI Bank) to secure the repayment of
    - (i) Term Loan of Rs. 400 lacs granted by IDBI to the Company;
    - (ii) Term Loan of Rs. 1200 lacs granted by ICICI to the Company;
    - (iii) Working Capital Facilities of Rs. 25 lacs granted by BOB;
    - (iv) Working Capital Facilities of Rs. 15 lacs granted by UBI; and
    - (v) Working Capital Facilities of Rs. 5 lacs granted by ICICI Bank.
- together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to aforesaid Institutions/Banks in terms of their respective Loan Agreements, Consortium Agreement, Hypothecation Agreements, Letter 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.

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."

## 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 item nos. 4 to 8 as set out above, 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 25th September, 1998 to 29th September, 1998 both days inclusive.
- (4) 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 207, Famous Cine Building, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011, quoting their folio number(s).
- (5) Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividends upto the financial year ended 31st March, 1994 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.

Date : 31st August, 1998

By Order of the Board

## Registered Office :

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

**A. CHANDARANA**  
Company Secretary

# BOROSIL

## ANNEXURE TO THE NOTICE

**Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.**

### Item No. 4

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 4 of the accompanying Notice.

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

### Item No. 5

The Board of Directors of the Company appointed Mr. B.K. Gupta as additional Director of the Company with effect from 1st April, 1998 pursuant to Article 118 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. B.K. Gupta will hold office of Additional Director upto the date of the forthcoming Annual General meeting. The Company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. B.K. Gupta for appointment as Director of the Company. Consent in writing has been received from Mr. B.K. Gupta to act as Director, if appointed.

Prior to this, Mr. B.K. Gupta was President of the Company. He holds a degree in production engineering and has over 27 years of wide-ranging experience in corporate sector. The Board considers that it is in the interest of the Company to appoint Mr. B.K. Gupta as a Director of the Company.

Except Mr. B.K. Gupta no other Director is concerned or interested in the resolution.

The Directors recommend the resolution set out at Item no. 5 of the Notice for approval of the shareholders.

### Item No. 6

The Board of Directors of the Company had appointed Mr. B.K. Gupta as Whole-time Director of the Company with effect from 1st April, 1998 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. B.K. Gupta.

The terms and conditions of the appointment and remuneration payable to him are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and are as follows:

Details of Remuneration including perquisites payable:

- I. Salary : Rs. 25,000 p.m. in the scale of Rs.25,000/- p.m. - Rs. 50,000/- p.m. with such increments as may be decided by the Board of Directors from time to time.
- II. City Compensatory Allowance : Rs. 9,000/- p.m.
- III. Housing : Company maintained leased accommodation would be provided by the Company.
- IV. Soft Furnishing : Reimbursement of an amount of upto one month's salary.
- V. Gas and Electricity : At actuals subject to a limit of Rs. 3,500 p.m.
- VI. Medical :
  - (a) Domiciliary Treatment : At actuals subject to one month's salary in a year or three months' salary over a period of three years for Mr. B.K. Gupta and his dependents.
  - (b) Hospitalisation : Mr. B.K. Gupta and his dependents will be covered by the Company's medical insurance scheme.
- VII. Leave Travel Assistance : An amount equivalent to one month's salary after completion of each year of service.
- VIII. Provident Fund : 12% of monthly salary as per relevant rule/policy of the Company.
- IX. Superannuation : 15% of annual salary as per Company Rules.
- X. Gratuity : As per Rules of the Company on completion of 5 years of service.
- XI. Telephone:
  - (a) Phone rental and call charges will be paid by the Company at actuals for two telephones at the residence. Charges for personal STD/Trunk Calls would be borne by Mr. B.K. Gupta.
  - (b) A mobile phone would also be provided by the Company.



# BOROSIL

XII. Mr. B.K. Gupta will be provided with a Company maintained Car with Driver.

XIII. Club Fee : For one club.

XIV. Mr. B.K. Gupta will be further entitled to reimbursement of actual entertainment expenses incurred by him for business purposes.

The above appointment and payment is within the limit prescribed in Schedule XIII to the Companies Act, 1956 and shall be subject to the approval of the shareholders at the Annual General Meeting of the Company.

The above agreement shall be valid for a period of 5 years w.e.f. 1.4.98.

The Directors recommend the passing of the Resolution contained at item 6 of the accompanying Notice.

Except Mr. B.K. Gupta no other Director is concerned or interested in the resolution.

A copy of the draft Agreement to be entered into between the Company and Mr. B.K. Gupta will be open for inspection by members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working day of the Company upto and including the date of Annual General Meeting.

## Item No. 7

The Members, at the Meeting held on 30th July, 1993 had passed a Special Resolution approving payment of commission not exceeding 3% per year to the non-executive Directors for a period of five accounting years effective 1st April, 1993.

With the growing emergence of corporate governance concept in India and considerable contributions made by the non-executive Directors in the affairs of the Company, it is imperative to continue payment of a Commission at the rate not exceeding 1% of the net profits per annum for the five accounting year commencing from 1st April, 1998 to all Directors (except Managing and Whole-time Directors) in terms of Section 309(4) and other applicable provisions of the Companies Act, 1956 and of the Articles of Association of the Company.

All Directors (except the Whole-time Director) may be deemed to be concerned or interested in this Resolution.

## Item No. 8

The Company had been sanctioned additional term loans of Rs. 400 lacs and Rs. 1200 lacs by Industrial Development Bank of India (IDBI) and The Industrial Credit and Investment Corporation of India Limited (ICICI) respectively, which are required to be secured *inter alia* by a first 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 Vyline Glass Works Ltd.

Similarly, Bank of Baroda, Union Bank of India and ICICI Banking Corporation Ltd. have sanctioned additional Working Capital Facilities of Rs. 25 lacs, Rs. 10 lacs and Rs. 5 lacs respectively, which are required to be secured by a second and subservient mortgage/charge on the properties aforesaid.

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 for creation of such mortgage/charge.

The Directors, therefore, recommend passing of the Ordinary Resolution under item no. 8 of the accompanying Notice.

ICICI, in whose favour the mortgage is *inter alia* required to be created has nominated Mr. A.J. Advani as a Director on the Board. Except him, none of the other Directors of the Company may be deemed to be concerned or interested in this Resolution.

Date : 31st August, 1998

By Order of the Board

## Registered Office :

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

**A. CHANDARANA**  
Company Secretary

# FIVE YEAR FINANCIAL HIGHLIGHTS

		1997-98	1996-97	1995-96	1994-95	1993-94
Sales	(Rs.Lacs)	<b>5646.38</b>	5575.85	5362.39	4599.48	4095.30
Profit Before Tax	(Rs.Lacs)	<b>18.02</b>	165.66	311.88	412.95	428.46
Profit Before Tax as % on Sales		<b>0.32</b>	2.97	5.82	8.98	10.47
Provision for Taxation	(Rs.Lacs)	<b>3.09</b>	18.03	3.12	35.00	72.27
Profit After Tax	(Rs.Lacs)	<b>14.93</b>	147.63	308.76	377.95	356.19
Profit After Tax as % on Sales		<b>0.26</b>	2.65	5.76	8.22	8.70
Dividend	%	—	—	30.00	30.00	30.00
Net Earnings per Share	(Rs.)	<b>0.44</b>	4.31	9.00	11.02	10.39
Shareholders' Funds	(Rs.Lacs)	<b>5194.12</b>	2711.02	2638.83	2432.94	2157.77
Book Value per Share	(Rs.)	<b>151.47</b>	79.06	76.95	70.95	62.94
Return on Investment	(%)	<b>6.90</b>	11.86	14.82	13.78	16.97

# BOROSIL



**BOROSIL****DIRECTORS' REPORT**

Your Directors present their Thirty-fifth Annual Report and the Audited Accounts for the year ended 31st March, 1998.

**FINANCIAL RESULTS**

	(Rupees in lacs)	
	<b>Year ended 31.3.1998</b>	<b>Year ended 31.3.1997</b>
Gross Sales (Including Excise Duty)	<b>5646.38</b>	5575.85
Excise Duty	<b>284.43</b>	329.17
Gross Profit for the year after interest	<b>332.89</b>	448.95
Less: Depreciation	<b>314.87</b>	283.29
Profit before tax	<b>18.02</b>	165.66
Provision for tax	<b>3.09</b>	18.03
Net Profit after tax	<b>14.93</b>	147.63
Add: Balance as per last year (including provisions for previous year written back)	<b>553.42</b>	510.79
Balance available for appropriation	<b>568.35</b>	658.42
— Provision for Dividend (including tax)	<b>—</b>	75.44
— Transfer to Debenture Redemption Reserve	<b>55.00</b>	55.00
— Transfer to General Reserve	<b>—</b>	50.00
— Balance carried to Balance Sheet	<b>513.35</b>	477.98

**DIVIDEND**

In view of low profits and the need to conserve resources, your Directors do not recommend dividend for the year ended 31st March, 1998.

**PERFORMANCE**

During the year under review, the performance of the Company has suffered a major set back owing to various factors as listed below:

- Owing to inter-union rivalry about one-third of the workmen at Company's main plant in Marol, started mass absenteeism in mid-November '97, resulting in considerable loss of production. This continued till nearly end of March 1998, when they returned on their own. Conditions are normal since then.
- The sales were affected owing to continuing budgetary constraints of the Government bodies.
- The energy costs went up significantly because of general increase in the electricity tariff coupled with partial withdrawal of subsidy by electricity board in Tamilnadu.
- An electric boosting system, designed by a reputed foreign consultant, was commissioned in the Company's main furnace in March, 1997, to increase production. This had to be discontinued in July, 1997 due to technical snags which had caused erratic quality and consequential production losses.

Thereafter, the Company undertook further study and devised changes in the operating procedure. The boosting has been recommissioned in June, 1998 and has started giving higher production. The production of the Company in the current year is likely to show a marked improvement.

The Company has entered into a contract with Mahanagar Gas Limited for supply of natural gas. On commencement of its supply, the Company will have considerable saving in fuel cost.

# BOROSIL

## FINANCE

During the year under review, the Company has been sanctioned additional working capital facility of Rs. 40 lacs to meet its increased working capital requirements.

The first instalment of repayment of Non Convertible portion of Debenture amounting to Rs. 20/- per debenture had become due for redemption on 14th August, 1998. However, in view of financial stringency being faced by the Company, the Company approached the debentureholders for deferment by three years and for that purpose, a General Meeting of Debentureholders was held, which unanimously decided to approve the aforesaid proposal of the Company with an enhanced rate of interest on such debentures i.e. 15.5% with effect from 15th August, 1998. A small number of debentureholders, who did not opt for the aforesaid proposal, were allowed to have their debentures redeemed as per original terms.

## EXPORTS

Exports during the year were Rs. 250 lacs as against Rs. 132 lacs in the previous year. During the year under review, the Company has developed new export markets in South and East Africa, Egypt, Middle East, United Kingdom and Iran. It is expected that the exports during the current year will be sustained.

## SUBSIDIARY COMPANIES

Gujarat Borosil Ltd. has become a sick industrial company in terms of provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 with respect to its audited accounts for the year ended 31st March, 1998.

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.

## 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.

## INDUSTRIAL RELATIONS

Industrial relations at the Marol Plant were disturbed for a part of the year as reported above and are now normal.

Industrial relations in M.M. Nagar (Tamilnadu) remained cordial throughout the year.

## FIXED DEPOSITS

The Company mobilised fresh fixed deposit of Rs.83.28 lacs in the year 1997-98 and the total amount of deposit as on 31st March 1998 was Rs. 150.33 lacs. There were 95 deposits amounting to Rs. 4.75 lacs due for repayment which remained unclaimed as on 31st March, 1998. Out of these unclaimed deposits, 3 deposits for Rs.0.28 lacs have been renewed and 2 deposits for Rs. 0.08 lacs have been repaid as on the date of this 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.

## 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.

## AUDITORS' REPORT

The Auditors have in their report expressed a very conservative view suggesting the need to provide for certain exposure in subsidiary company, Gujarat Borosil Ltd. (GBL). In the opinion of your Board of Directors, a provision at this stage is not called for in view of the fact that necessary reference has been made by GBL to the Board for Industrial and Financial Reconstruction and there is a strong possibility of securing reasonable concessions from the lenders. With the recent improved outlook in the sheet glass market and the fact that GBL has been continuously