

**36th Annual Report 1998-99**

# **BOROSIL**



**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

## ASST. COMPANY SECRETARY

Mr. S. V. Shidhore

## REGISTERED OFFICE

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

## FACTORIES

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

## ZONAL 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-700 001.
- 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.

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**BOROSIL**

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**NOTICE**

NOTICE is hereby given that the Thirty-sixth Annual General Meeting of the Members of Borosil Glass Works Limited will be held at Sunville Pavilion, Dr. A.B. Road, Worli, Mumbai 400 018 on Tuesday, 28th September, 1999 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, 1999 and the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. U.C. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. K. Kheruka 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."

**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 item no. 4 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 24th September, 1999 to 28th September, 1999 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, 1995 have been transferred to General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said periods are requested to claim the amount from the Registrar of Companies, Maharashtra. In terms of Section 205C introduced by the Companies (Amendment) Act, 1999, read with Section 205-A of the Companies Act, 1956, as amended, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund. Members who have so far not encashed their Dividend Warrant(s) for the financial year ended 31st March, 1996 are advised to submit their claim to the Company immediately quoting their folio numbers.
- (6) The Company's securities are listed at The Stock Exchange, Mumbai. The Annual Listing Fee as prescribed has been paid to the said Stock Exchange.

Date: 16th August, 1999 .

By Order of the Board..

**Registered Office:**

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

**SANDEEP SHIDHORE**  
Asst. Company Secretary

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**BOROSIL**

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## **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.

Date : 16th August, 1999

By Order of the Board

### **Registered Office:**

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

**SANDEEP SHIDHORE**  
Asst. Company Secretary



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**BOROSIL****FIVE YEAR FINANCIAL HIGHLIGHTS**

		1998-99	1997-98	1996-97	1995-96	1994-95
Sales	(Rs.Lacs)	<b>6230.38</b>	5646.38	5575.85	5362.39	4599.48
Profit Before Tax	(Rs.Lacs)	<b>11.80</b>	18.02	165.66	311.88	412.95
Profit Before Tax as % on Sales		<b>0.19</b>	0.32	2.97	5.82	8.98
Provision for Taxation	(Rs.Lacs)	<b>5.61</b>	3.09	18.03	3.12	35.00
Profit After Tax	(Rs.Lacs)	<b>6.19</b>	14.93	147.63	308.76	377.95
Profit After Tax as % on Sales		<b>0.10</b>	0.26	2.65	5.76	8.22
Dividend	%	—	—	20.00	30.00	30.00
Net Earnings per Share	(Rs.)	<b>0.18</b>	0.44	4.31	9.00	11.02
Shareholders' Funds	(Rs.Lacs)	<b>5200.31</b>	5118.68	2711.02	2638.83	2432.94
Book Value per Share	(Rs.)	<b>151.65</b>	149.27	79.06	76.95	70.95
Return on Investment	(%)	<b>7.69</b>	6.46	11.86	14.82	13.78

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

Your Directors present their Thirty-sixth Annual Report and the Audited Accounts for the year ended 31st March, 1999.

**FINANCIAL RESULTS**

	(Rupees in lacs)	
	<b>Year ended 31.3.1999</b>	Year ended 31.3.1998
Gross Sales (Including Excise Duty)	<b>6230.38</b>	5646.38
Excise Duty	<b>307.12</b>	284.43
Gross Profit for the year after interest	<b>351.70</b>	332.89
Less: Depreciation	<b>339.90</b>	314.87
Profit before tax	<b>11.80</b>	18.02
Provision for tax	<b>5.61</b>	3.09
Net Profit after tax	<b>6.19</b>	14.93
Add: Balance as per last year	<b>513.35</b>	553.42
Balance available for appropriation	<b>519.54</b>	568.35
— Transfer to Debenture Redemption Reserve	—	55.00
— Balance carried to Balance Sheet	<b>519.54</b>	513.35

**DIVIDEND**

In view of low profits and the need to conserve resources, your Directors do not recommend payment of dividend for the year ended 31st March, 1999.

**PERFORMANCE**

During the year under review the performance of the Company was affected due to various factors as listed below:

- (a) In June, 1998, there was a fire due to electrical short circuit at Marol Plant. Production in both furnaces was resumed in about 6-8 hours. However, as discovered much later some strategic areas in Furnace No. 2 received an internal thermal shock due to which the furnace conditions prematurely deteriorated affecting both the quality and quantity of output and had to be shut down in February '99.

Necessary insurance claims with the underwriters have been filed.

- (b) The sales continue to be affected owing to continuing budgetary constraints of the Government bodies.
- (c) The performance of M. M. Nagar has been below expectations. The furnace there has been shut down for major expansion cum modernisation in the current year.
- (d) The energy cost has increased owing to substantial increase in power tariff by the Tamil Nadu Electricity Board as well as total withdrawal of Government subsidy thereon.
- (e) Cost of imported raw material has increased substantially due to depreciation of the Rupee by approximately 8%, imposition of 4% additional custom duty (effective cost to the Company 6.5%) and reduction in modvat claim by 5%.

The supply of Natural Gas at Marol Plant has commenced in December, 1998. However, in view of drop in LPG prices the benefits expected to accrue by converting to Natural Gas have greatly reduced.



## **FUTURE PLANS**

The Company has decided to change its product mix by re-entering into production of medium expansion pharmaceutical tubing. The Company has received an enthusiastic response from trade in its market survey. The rebuilt furnace No. 2 would be dedicated to this product. Meanwhile, the Company's market for Bake & Serve products is being adequately protected by substitute products.

M. M. Nagar's furnace is proposed to be modernised and major expansion undertaken. An upgraded Tube Draw would be installed to give international quality tubing which has a good market overseas.

Furnace No. 2 is scheduled to be commissioned in the first week of September, 1999. The full benefits of the modernisation-cum-expansion plan is expected to accrue to the Company from the year 2000-01.

## **FINANCE**

Although the Company's production and sales were higher, however, because of prevailing sluggish market conditions, the average credit period has gone up. This has resulted in severe pressure on Company's cash flow position.

## **DEBENTURES**

The second instalment on Non-Convertible Portion of debentures amounting to Rs. 20/- per debenture in respect of those debentureholders, who had not opted for deferment, has been duly paid.

## **EXPORTS**

Exports during the year were Rs. 200 lacs as against Rs. 250 lacs in the previous year. During the year under review, the Company has developed new export markets in Australia, Botswana, Tunisia, Greece and Denmark. It is expected that the exports during the current year will be sustained.

## **SUBSIDIARY COMPANIES**

As reported last year, Gujarat Borosil Ltd. has become a sick industrial company in terms of provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. A rehabilitation package is being worked out by ICICI, the Operating Agency which is expected to be implemented in the current financial year.

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 both the plants of the Company were normal.

## **FIXED DEPOSITS**

The Company mobilised fresh fixed deposit of Rs. 194.51 lacs in the year 1998-99 and the total amount of deposit as on 31st March, 1999 was Rs. 320.03 lacs. There were 136 deposits amounting to Rs. 7.77 lacs due for repayment which remained unclaimed as on 31st March, 1999. Out of these unclaimed deposits, 10 deposits for Rs. 0.59 lac have been renewed and 4 deposits for Rs. 0.22 lac 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 grant of such concessions and the fact that GBL has been continuously making profits before depreciation and interest, it could be reasonably hoped that GBL should be able to turn-around in next few years time and the Company's exposure therein would be fully restored.

The other comments in the Auditors Report are self explanatory.

## DIRECTORS

During the year under review, there was no change in the composition of Board of Directors of your Company.

Mr. U.C. Kheruka and Mr. 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.

## Y2K PREPAREDNESS

The Company has constituted a committee of executives under supervision of Vice President (MIS) to assess and address the Y2K problem. Testing on hardware/software that would need remedial measures will start from third week of August, 1999 and the compliance of Y2K problem is expected to be completed by November, 1999. The cost of upgradation is likely to be around Rs. 10 lakhs.

## 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

Place : Mumbai  
Date : 16th August, 1999

**B.L. KHERUKA**  
Chairman



# BOROSIL

## ANNEXURE TO THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 1999 AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sr. No.	Name, Age & Qualification	Designation/ Nature of Duties	Remuneration (Rs.)	Date of Joining & Experience	Particulars of last Employment
1.	B. K. Gupta, 48 B.E. (Production) Hons., I.C.W.A. (I)	Wholetime Director	769993	3.10.97 (28)	Executive Vice President Jindal Iron & Steel Co. Ltd.
2.	R. Mehra, 52 B.Sc., H.N.C. Loughborough (U.K.)	Executive Vice President	702721	3.1.81 (29)	Head of Engg. & Quality Control Deptt. Crompton Greaves Ltd.

### NOTES

1. Remuneration includes Salary, Commission (where applicable), Allowance, Company's contribution to Provident and Superannuation Funds, Leave Encashment, House Rent Allowance, Rent paid on Company's accommodation, Medical Expenses, Leave Travel Assistance and Ex-Gratia, where paid, and the monetary value of other perquisites calculated as per the Income Tax Act, 1961 and rules made therein.
2. None of the above mentioned employees is a relative of any Director of the Company.
3. All appointments are on contractual basis terminable by notice on either side.

For and on Behalf of the Board of Directors

Place : Mumbai

Date : 16th August, 1999

**B.L. KHERUKA**  
Chairman

**BOROSIL**

## CONSERVATION OF ENERGY-

The Company continues to emphasize on the optimal utilisation and conservation of energy.

### FORM — A

Form for Disclosure of Particulars with respect to Conservation of Energy.

#### (A) POWER AND FUEL CONSUMPTION:

	April 1998 to March, 1999	April 1997 to March, 1998
<b>1. Electricity</b>		
Purchased Units ('000 KWH)	<b>16973</b>	15798
Total Amount (Rs. in Lacs)	<b>610</b>	526
Rate Unit (Rs.)	<b>3.59</b>	3.33
<b>2. Fuel Oil/Gas</b>		
(a) L.D. Oil		
Quantity : (Kilo Litres)	<b>1060</b>	1440
Value (Rs. Lacs)	<b>91</b>	121
Rate/Kilo Ltr. (Rs.)	<b>8609</b>	8402
(b) H.S.D. (*)		
Quantity : (Kilo Litres)	<b>192</b>	160
Value (Rs. Lacs)	<b>21</b>	17
Rate/Kilo Ltr. (Rs.)	<b>10785</b>	10625
(c) Furnace Oil		
Quantity : (Kilo Litres)	<b>5341</b>	5160
Value (Rs. Lacs)	<b>346</b>	334
Rate/Kilo Ltr. (Rs.)	<b>6486</b>	6473
(d) L.P. Gas		
Quantity : (Tonnes)	<b>1747</b>	1927
Value (Rs. Lacs)	<b>198</b>	279
Rate/Tonne (Rs.)	<b>11333</b>	14478
(e) Liquid Oxygen		
Quantity : ('000 Cu.Mtr.)	<b>1020</b>	951
Value (Rs. Lacs)	<b>133</b>	117
Rate/Cu.Mtr. (Rs.)	<b>13.03</b>	12.30
(f) Natural Gas		
Quantity : ('000 Cu.Mtr.)	<b>540</b>	—
Value (Rs. Lacs)	<b>30</b>	—
Rate/Cu.Mtr. (Rs.)	<b>5.55</b>	—

NOTE: (\*) Self generation - Diesel Generators are run during power failure and on regular interval to maintain the equipment.

#### (B) CONSUMPTION PER UNIT OF PRODUCTION

It is not feasible to determine productive consumption figures per unit production owing to the large number of products and highly diverse variety of items manufactured.