

37th Annual Report 1999-2000

BOROSIL



BOROSIL GLASS WORKS LTD.

BOARD OF DIRECTORS

Mr. B. L. Kheruka - Chairman
Mr. U. C. Kheruka
Mr. P. K. Kheruka
Mr. A. C. Dalal
Mr. V. N. Nadkarni
Mr. A. J. Advani (Nominee of ICICI)
Mr. R. Mehra - Whole-time Director

ASST. COMPANY SECRETARY

Mr. S. V. Shidhore

REGISTERED OFFICE & PLANT

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, Cannaught Circus, New Delhi - 110 001.

BANKERS

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

SHARE DEPARTMENT

207, Famous Cine Building
Dr. E. Moses Road
Mahalaxmi, Mumbai - 400 011.
☎ : 460 3606

BOROSIL

NOTICE

NOTICE is hereby given that the Thirty-Seventh 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 Thursday, 28th September, 2000 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, 2000 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 Messrs Chaturvedi & Shah, Chartered Accountants as Auditors of the Company in place of Messrs. S. R. Batliboi & Co. Chartered Accountants, who have given a notice in writing to the company, of their unwillingness to be re-appointed as Auditors of the Company, in terms of special notice received under Section 225 of the Companies Act, 1956, from a shareholder to propose the following resolution as an ordinary resolution.

"Resolved that Messrs Chaturvedi & Shah, Chartered Accountants be and are hereby appointed Auditors of the Company in place of Messrs S. R. Batliboi & Co., Chartered Accountants, retiring Auditors, to hold office from the conclusion of this Annual General 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 Chaturvedi & Shah, Chartered Accountants".

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. R. Mehra, 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. R. Mehra as a Whole-time Director of the Company with effect from 16th August, 2000, 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. R. Mehra, 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. R. Mehra 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.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the tenure of his service as Whole-time Director, Mr. R. Mehra shall be paid the remuneration as set out in the Explanatory Statement, subject to limits mentioned in Schedule XIII of the Companies Act, 1956."

7. 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 Industrial Credit and Investment Corporation of India Ltd. (ICICI) to secure the repayment of Corporate Loan of Rs. 400 lacs granted by ICICI to the Company 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 Institution in terms of their respective Loan Agreements, Consortium Agreement, Hypothecation Agreement, Letter of Sanction, Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of the said loan/ facility.

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 Special Business under item Nos. 5 to 7 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 19th September, 2000 to 28th September, 2000, 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 period are requested to claim the amount from the Registrar of Companies, Maharashtra.
- (6) The Company's securities are listed at The Stock Exchange, Mumbai and the Annual Listing Fee as prescribed has been paid to the said Stock Exchange.

Date : 21st August, 2000

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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ANNEXURE TO THE NOTICE

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

Item No. 5

The Board of Directors of the Company appointed Mr. R. Mehra as Additional Director of the Company with effect from 16th August, 2000 pursuant to Article 118 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Mr. R. Mehra 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. R. Mehra for appointment as Director of the Company. Consent in writing has been received from Mr. R. Mehra to act as Director, if appointed.

Prior to this, Mr. R. Mehra was Executive Vice President of the Company. He has been with the Company for last 19 years in various positions. He holds a degree in Mechanical Engineering and has wide-range experience in corporate sector. The Board considers that it is in the interest of the Company to appoint Mr. R. Mehra as a Director of the Company.

Except Mr. R. Mehra, 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 has appointed Mr. R. Mehra as Whole-time Director of the Company with effect from 16th August, 2000 on the terms and conditions as set out in the draft Agreement to be entered into between the Company and Mr. R. Mehra.

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. 28,000/- p.m. in the scale of Rs. 28,000/- — 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. 7,000/- p.m.
- III. House Rent Allowance : Rs. 7,300/- p.m. Alternatively, he may be provided Company maintained leased accommodation.
- 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. 42,000/- per annum.
- 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. R. Mehra and his dependents.
 - (b) Hospitalisation : Mr. R. Mehra 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 telephone at the residence. Charges for personal STD/Trunk Calls would be borne by Mr. R. Mehra.
 - (b) A mobile phone would also be provided by the Company.

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XII. Mr. R. Mehra will be provided with a Company maintained car with Driver.

XIII. Club Fee : For one club.

XIV. Mr. R. Mehra will be further entitled to reimbursement of actual entertainment and travelling 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. 16th August, 2000.

The Directors recommend the passing of the Resolution contained at item no.6 of the accompanying Notice.

Except Mr. R. Mehra, 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. R. Mehra 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.

EXTRACT OF TERMS AND CONDITIONS OF APPOINTMENT AND MEMORANDUM OF INTEREST UNDER SECTION 302.

The contents of item 6 of the Explanatory Statement set out above shall be deemed to be an abstract of the terms and conditions of the Agreement of Mr. R. Mehra under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Item No. 7

The Company had been sanctioned corporate loan of Rs. 400 lacs by The Industrial Credit and Investment Corporation of India Ltd. (ICICI) which is required to be secured 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.

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. 7 of the accompanying Notice.

ICICI, in whose favour the mortgage is 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 : 21st August, 2000

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

FIVE YEAR FINANCIAL HIGHLIGHTS

		1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
Sales	(Rs.Lacs)	5917.82	6230.38	5646.38	5575.85	5362.39
Profit Before Tax	(Rs.Lacs)	9.46	11.80	18.02	165.66	311.88
Profit Before Tax as % on Sales...		0.16	0.19	0.32	2.97	5.82
Provision for Taxation	(Rs.Lacs)	1.69	5.61	3.09	18.03	3.12
Profit After Tax	(Rs.Lacs)	7.77	6.19	14.93	147.63	308.76
Profit After Tax as % on Sales		0.13	0.10	0.26	2.65	5.76
Dividend	%	0.00	0.00	0.00	0.00	30.00
Net Earnings per Share	(Rs.)	0.23	0.18	0.44	4.31	9.00
Shareholders' Funds	(Rs.Lacs)	5223.08	5200.31	5194.12	2711.02	2638.83
Book Value per Share	(Rs.)	152.32	151.65	151.47	79.06	76.95
Return on Investment	(%)	8.54	7.69	6.90	11.86	14.82

DIRECTORS' REPORT

Your Directors present their Thirty-seventh Annual Report and the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS

	(Rupees in lacs)	
	Year ended 31.3.2000	Year ended 31.3.1999
Gross Sales (Including Excise Duty)	5917.82	6230.38
Other Income	218.73	307.12
Gross Profit for the year after interest	331.98	351.70
Less: Depreciation	321.47	339.90
Profit before tax	9.46	11.80
Provision for tax	1.69	5.61
Net Profit after tax	7.77	6.19
Add: Balance as per last year	519.54	513.35
Balance carried to Balance Sheet	527.31	519.54

DIVIDEND

In view of low profits and the need to conserve resources, your Directors do not recommend any dividend for the year ended 31st March, 2000.

PERFORMANCE

The following factors adversely affected the performance of the Company during the year:-

(A) Extensive trials were conducted on Furnace No. 1 for the conversion from Furnace oil to Natural gas. In spite of the gas firing system having been supplied by one of the world's leading producers of such equipment, the desired thermal stability could not be achieved and the Company had to revert to furnace oil as fuel. During this period, the production was severely affected.

(B) The prices of furnace oil went up by over 100% during the year.

Furnace no. 2 was recommissioned after substantial design change and is now adapted to produce both medium and low expansion glass. Trial run commenced in February, 2000.

Technical drawings and designs for M.M. Nagar furnace have been received in the current month. Their evaluation is in progress. Meanwhile, in view of substantial imports being made by the Company, a review is being carried out for the configuration of the said furnace.

Production has now stabilised in both the furnaces at Marol. Further, the Company has entered into arrangements under which it becomes the exclusive distributors in India for highly reputed international glass manufacturers of a wide range of consumerware and labware. These are being marketed in the brand name of Borosil International. The response from the market is very good. This will substantially boost sales and revenue and ensure the dominant position of the Company in the market over the coming years. This could also lead to future Joint Ventures for production in India.

DEBENTURES

The third instalment on Non-Convertible Portion of debentures amounting to Rs. 25/- per debenture in respect of those debentureholders, who had not opted for deferment, has been duly paid.

EXPORTS

Exports during the year were Rs. 144 lacs as against Rs. 200 lacs in the previous year. Exports were low mainly due to manufacturing constraints.

SUBSIDIARY COMPANIES

As reported last year, Gujarat Borosil Ltd. (GBL) has become a sick industrial company in terms of provisions of the Sick Industrial Companies (Special Provisions) Act, 1985. A Draft Rehabilitation Scheme (DRS) for GBL has been submitted by ICICI, the Operating Agency to the Board for Industrial and Financial Reconstruction (BIFR), on which, further action from BIFR is awaited. The said DRS envisages, inter alia, interest and other concessions from Financial Institutions/Banks and sacrifices from the promoter in order to rehabilitate the said company over a period of time.

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

BOROSIL

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 cordial.

FIXED DEPOSITS

The Company mobilised fresh fixed deposit of Rs. 116.27 lacs in the year 1999-2000 and the total amount of deposit as on 31st March 2000 was Rs. 403.99 lacs. There were 135 deposits amounting to Rs. 8.07 lacs due for repayment which remained unclaimed as on 31st March, 2000. Out of these unclaimed deposits, 3 deposits for Rs. 0.40 lac have been renewed and 5 deposits for Rs. 0.35 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 unwilling to be re-appointed. The Company has received a notice under Section 225 of the Companies Act, 1956 from a shareholder to propose Messrs Chaturvedi & Shah, Chartered Accountants as Auditors of the Company for the ensuing year in place of M/s. S. R. Batliboi & Co..

AUDITORS' REPORT

The Auditor's have, in their report, commented on the Company's exposures in its subsidiary, Gujarat Borosil Ltd.. In the opinion of your Board of Directors, a clear picture will emerge only after rehabilitation package is finally approved by the Board for Industrial and Financial Reconstruction (BIFR). Pending that, the view of the management has been amply clarified in the Note no. 2 to the "Notes to the Accounts" and no further explanation is required in the matter.

DIRECTORS

Mr. P.K. Khaitan resigned as an Alternate Director of the Company with effect from 27th March, 2000. Mr. B.K. Gupta, Whole-time Director, resigned with effect from 2nd August, 2000. The Board placed on records its appreciation for the valuable guidance received from Mr. P.K. Khaitan as an Alternate Director and services rendered by Mr. Gupta during his tenure as a Whole-time Director of the Company.

The Board has appointed Mr. R. Mehra as an Additional Director and Whole-time Director of the Company with effect from 16th August, 2000. He shall vacate his office as an Additional Director at the ensuing Annual General Meeting and is eligible for re-appointment.

M/s. A.C. Dalal and V.N. Nadkarni, retire by rotation and being eligible, offer themselves for reappointment.

YEAR 2000 COMPLIANCE (Y2K)

Your Company has achieved Y2K transition without any disruption.

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

Place : Mumbai

Date : 21st August, 2000

B.L. KHERUKA
CHAIRMAN

BOROSIL

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000 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, 49 B.E. (Production) Hons., I.C.W.A. (I)	Wholetime Director	810151	3.10.97 (29)	Executive Vice President Jindal Iron & Steel Co.Ltd.
2.	R. Mehra, 53 B.Sc., H.N.C. Loughborough (U.K.)	Executive Vice President	758319	3.1.81 (30)	Head of Engg. & Quality Control Deptt. Crompton Greaves Ltd.

NOTES

1. Remuneration includes Salary, Commission (where applicable), Allowances, 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 : 21st August, 2000

B.L. KHERUKA
Chairman

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