

38th Annual Report 2000-2001

BOROSIL



BOROSIL

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. T. Raghvenderan (Nominee of ICICI)
 Mr. R. Mehra - Whole-time Director

COMPANY SECRETARY

Ms. Sonal Desai

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, Kallandras Udyog Bhavan Premises
 Co-op. Society Ltd.
 Near Century Bazar, Worli, Mumbai - 400 025.
- Dabriwala House, 10, Middleton Row,
 Kolkata - 700 071.
- 161, Anna Salai, Chennai - 600 002.
- 19/90, Cannaught Circus, New Delhi - 110 001.

BANKERS

Bank of Baroda
 Union Bank of India
 ICICI Bank 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-Eighth 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, 27th September, 2001 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, 2001 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 and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the other statutes as applicable, the Articles of Association of the Company be and are hereby amended or altered or new articles be incorporated in the manner and to the extent as set out herein below:

- (i) The following interpretation be added and existing definitions be modified at appropriate place in Article 2:

"Beneficial Owner" means beneficial owner as defined in clause (a) of sub-section 1 of Section 2 of the Depositories Act, 1996.

"Depositories Act, 1996" includes any statutory modification or re-enactment thereof for the time being in force.

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration to act as a depository under the Securities and Exchange Board of India Act, 1992.

"Member(s) or Shareholder(s)" - unless otherwise provided, means the duly registered holder, from time to time of the shares of the Company and also every person holding equity share(s) of the Company and shall also include the beneficial owner of shares as appearing in the records of the Depository.

"Registered Owner" means a depository whose name is entered as such in the register of members of the Company.

"SEBI" means the Securities and Exchange Board of India.

"Securities" means such securities as may be specified by SEBI from time to time.

- (ii) In Article 21 of the Articles of Association of the Company, after sub-clause (a), the following proviso shall be inserted:

"Provided however that no share certificate(s) shall be issued for shares held with a Depository."

- (iii) The following Article and Marginal Note shall be substituted for existing Article 53 of the Articles of Association:

Register of
Transfers

"53. The Company shall maintain a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of every share held in a material form."

- (iv) The following Article with marginal notes be inserted as Articles 60A & 60B after the existing Article 60:

NOMINATION

60A. (i)
Nomination

Notwithstanding anything contained in these Articles and subject to the provisions of Sections 109A and 109B of the Companies Act, 1956, every member and debentureholder of the Company may at any time nominate in the prescribed manner, a person to whom his shares or debentures of the Company shall vest in the event of his death.

- (ii) In case of more than one holder, the joint holders may together nominate, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (iii) The nominee shall, on the death of the holder of shares or debentures of the Company or all the joint holders thereof as the case may be, become entitled to all the rights in such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- (iv) Where nominee is a minor, the holder of shares or debentures of the Company may appoint a person to become entitled to such shares or debentures, in the event of his death during the minority of nominee.
- (v) Only individual holders of shares or debentures can make nominations. Non individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family (HUF), Holder of Power of Attorney cannot nominate and none of these can be appointed as a nominee.
- (vi) Transfer of shares or debentures in favour of a nominee and payment of amount of debentures on redemption to nominee shall be valid discharge by the Company against the legal heirs.

TRANSMISSION OF SECURITIES BY NOMINEE

60B. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -

Transmission
of Securities
by Nominee

- (i) to be registered himself as holder of the share or debenture, as the case may be; or
- (ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debentureholder as the case may be.
- (iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights, accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

- (v) The following Title, Articles and Marginal Notes be inserted after Article 67:

67A.

Dematerialisation/
Rematerialisation of
Shares

Option to
hold
securities

Securities in
depositories
to be in fun-
gible form

Rights of
depositor and benefi-
cial owner

Depository
to furnish
information
Sections 83
and 108 of the
Companies
Act, 1956 not
to apply

Allotment
of securities
dealt with by
a depository
Distinctive
numbers of
securities
held in a
depository
Register and
index of benefi-
cial owners

- (1) Notwithstanding anything contained in these Articles, the Company shall in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its Shares or rematerialise any or all its Shares held with a Depository and/or offer its Shares for subscription in a dematerialised form pursuant to the Depositories Act.
- (2) (a) Every person subscribing to securities offered by the Company shall have the option either to receive the security certificates or to hold the securities with a Depository. If a person opts to hold a security with a Depository, the Company shall intimate such Depository the details of allotment of the security. On receipt of such information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.
- (b) Every person who is the beneficial owner of the securities can at any time opt out of a Depository, in the manner provided by the Depositories Act. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.
- (3) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner.
- (4) (a) Notwithstanding anything to the contrary contained in the Act or the Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his/her securities which are held by a Depository.
- (5) Notwithstanding anything to the contrary contained in the Companies Act, 1956 or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.
- (6) Notwithstanding anything to the contrary contained in the Articles -
 - (i) Section 83 of the Companies Act, 1956 shall not apply to the shares with a Depository.
 - (ii) Section 108 of the Companies Act, 1956 shall not apply to transfer of security effected by the transferor and the transferee both to whom are entered as beneficial owners in the records of a Depository.
- (7) Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (8) Nothing contained in the Act or the Articles regarding necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with Depository.
- (9) The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register of Index of Members and Securities holders for the purposes of the Articles."

BOROSIL

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:
- "RESOLVED THAT in supersession of the Ordinary resolution passed at the Annual General Meeting of the Company held on 12th September, 1995, consent of the Company be and is hereby accorded under the provisions of Section 293 (1)(d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow, from time to time, all such sums of money as they may deem necessary for the purpose of business of the Company, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount upto which moneys may be borrowed by the Board of Directors shall not exceed the sum of Rs. 100 crores at any one time."
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 ICICI Ltd. (ICICI) to secure the repayment of Term Loans of Rs. 400 lacs granted by ICICI and Rs. 1000 lacs granted by Industrial Development Bank of India (IDBI) respectively 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 Institutions in terms of their respective Loan Agreements, Consortium Agreement, Hypothecation Agreements, Letters of Sanction, Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of the said loans/facilities.
- RESOLVED FURTHER THAT the Board of Directors 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."
8. 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 107, Famous Cine Building, 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 item Nos. 5 to 8 as set out above, are annexed hereto and forms part of this Notice.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 18th September, 2001 to 27th September, 2001 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.

Date : 20th August, 2001

By Order of the Board

Registered Office :

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

Sonal Desai
Company Secretary

BOROSIL

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 5**

The Companies (Amendment) Act, 1999 has introduced the facility of nomination to the shareholders and debentureholders of the Company.

Also consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996 there have been significant amendments in the provisions of the Companies Act, 1956 relating to issue, holding, transfer and dealing in shares and other securities as also the issue of certificates thereof in dematerialised form. The Stock Exchange, Mumbai, where shares of the Company are listed, had issued directive to all companies listed in B-2 category, in which your Company also falls, to make necessary arrangements with the Depositories by 30th May, 2001. The Company has complied with the same.

It is, therefore, proposed to suitably amend the Articles as set out in the Resolution in order to ensure that the provisions of the Articles of Association are in consonance with the provisions of the Companies Act, 1956 and Depositories Act, 1996 in the context of the dematerialisation of securities issued by the Company under the Depository System.

The above Special Resolution is for approval by the members in terms of Section 31 of the Companies Act, 1956.

No Director of the Company is concerned or interested in the Resolution.

Item No. 6

By a Resolution passed at the Annual General Meeting of the Company held on 12th September, 1995, the Board of Directors of the Company was authorised to borrow upto Rs. 60 crores (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business). Since then, in view of increased activities of the Company in trading items as well as to finance re-build of furnaces, the above limit may not be sufficient in the future and hence, it is imperative to increase the borrowing limit to Rs. 100 crores. This requires consent of the Company in General Meeting under Section 293(1)(d) of the Companies Act, 1956 and the Resolution set out in the accompanying Notice is intended for this purpose. The Board considers that it is in the interest of the Company that the Resolution be passed.

None of the Directors is, in any way, concerned or interested in the Resolution.

Item No. 7

The Company had been sanctioned Term Loans of Rs. 400 lacs by ICICI Ltd. (ICICI) and Rs. 1000 lacs by the Industrial Development Bank of India (IDBI) which are required to be secured by a first mortgage/ charge on certain immovable and movable 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. and certain flats and garages of the Company.

Since the mortgage by the Company on immovable and movable properties as aforesaid may be regarded as disposal of the Company's properties/undertakings, consent of the members is also being sought, for the purpose as an enabling provision, pursuant to Section 293(1)(a) of the Companies Act, 1956.

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. T. Raghavendran 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.

Item No. 8

For administrative convenience, it is proposed to shift the present Share Department situated at 207, Famous Cine Building, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 to Room No. 107 in the same building.

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. 8 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 to 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 : 20th August, 2001

By Order of the Board

Registered Office :

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

Sonal Desai
Company Secretary

BOROSIL

FIVE YEAR FINANCIAL HIGHLIGHTS

		2000-2001	1999-2000	1998-1999	1997-1998	1996-1997
Sales	(Rs.Lacs)	7819.92	5917.82	6230.38	5646.38	5575.85
Profit Before Tax	(Rs.Lacs)	11.59	9.46	11.80	18.02	165.66
Profit Before Tax as % on Sales...		0.15	0.16	0.19	0.32	2.97
Provision for Taxation	(Rs.Lacs)	1.49	1.69	5.61	3.09	18.03
Profit After Tax	(Rs.Lacs)	10.10	7.77	6.19	14.93	147.63
Profit After Tax as % on Sales		0.13	0.13	0.10	0.26	2.65
Dividend	%	0.00	0.00	0.00	0.00	0.00
Net Earnings per Share	(Rs.)	0.29	0.23	0.18	0.44	4.31
Shareholders' Funds	(Rs.Lacs)	5233.19	5223.08	5200.31	5194.12	2711.02
Book Value per Share	(Rs.)	152.61	152.32	151.65	151.47	79.06
Return on Investment	(%)	8.71	8.54	7.69	6.90	11.86

BOROSIL

DIRECTORS' REPORT

Your Directors present their Thirty-eighth Annual Report and the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	(Rupees in lacs)	
	Year ended 31.3.2001	Year ended 31.3.2000
Gross Sales (Including Excise Duty)	7819.92	5917.82
Other Income	200.15	218.73
Gross Profit for the year after interest	361.76	330.93
Less: Depreciation	350.17	321.47
Profit before tax	11.59	9.46
Provision for tax	1.49	1.69
Net Profit after tax	10.10	7.77
Add: Balance as per last year	527.31	519.54
Balance carried to Balance Sheet	537.41	527.31

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2001 in view of low profits and the need to conserve resources for capital expenditure in the near future.

PERFORMANCE

The low profitability of the Company during the year under review is attributed to the following factors:

- A. Furnace No. 1 at Marol has entered into the fag end of its campaign life and it will have to be re-built before this year end. Due to ageing of the said furnace, the quality of production as well as the fuel efficiency have been adversely affected and subsequently the Company had to shut down one tube draw thereon in the middle of the year.
- B. Commercial production of Furnace No. 2 at Marol was started during mid-August' 2000 and is now working normally, after some initial teething problems. Hence, production was received only for part of the year.
- C. In view of substantial imports being made into India, including by your Company, the actual available market demand still cannot be properly estimated and as such, the configuration of Maraimalai Nagar furnace is yet to be decided. Hence, rebuild of the said furnace is pending and at present, only beaker machine operation is continuing there with supply of tubing from Marol Plant. On the other hand, the Company has to continue to incur fixed costs there.

Your Directors are however, pleased to inform that during the year under review, the Company's sale of imported consumerware under the brand name Borosil International and Boromoli Rocco have been encouraging. The Company had also tied up with a number of other foreign manufacturers for supply of a range of tableware. This should strengthen the Company's trading activities substantially.

Exports during the year were Rs. 142 lacs as against Rs. 144 lacs in the previous year.

DEBENTURES

First instalment of Rs. 20/- per debenture of 15.5% Non-Convertible portion of Partly Convertible Debentures has been paid to all public holders. The Company has approached Mutual Funds/Insurance Companies for restructuring of repayment. LIC Mutual Fund who are the major holders have agreed for the same and discussions are going on with the others.

SUBSIDIARY COMPANIES

Pursuant to the provisions of Section 212 of the Companies Act, 1956, the Audited Accounts as of March 31, 2001 together with the reports of the Directors and Auditors of the subsidiaries viz. Gujarat Borosil Ltd. and Swapan Properties Ltd. are attached hereto.

BOROSIL

As reported last year, Gujarat Borosil Ltd. (GBL) became a sick company and the Board for Industrial and Financial Reconstruction (BIFR) has since sanctioned Rehabilitation Scheme vide its Order dated 11th May, 2001. The said Scheme provides for the following reliefs and concessions and the same is awaiting confirmation from Financial Institutions and Banks:

From Financial Institutions - Waiver of various types of Interest amounting to Rs. 5065 Lacs and from Banks amounting to about Rs. 75 lacs.

In addition to the above, GBL is required to convert its existing NCD's of Rs. 1095.50 Lacs into Equity shares at par, effect reduction in Equity Share Capital by 50%, issue Equity Shares to FI's against Rs. 536 Lacs out of interest dues, convert Rs. 292 Lacs out of a part of the interest into Zero Coupon NCD's and issue Equity Shares to the Promoters against the outstanding lease rent of Rs. 192 Lacs as well as against Share Capital Advance received of Rs. 230 Lacs earlier. The Company is required to write off Rs. 45 lacs, being part of outstanding Lease Rent.

However, the effect of the Scheme has not been given in GBL's accounts for the year ended 31st March, 2001 pending obtaining of certain statutory and other approvals required in the matter as per the said BIFR Order as well as in view of the fact that GBL has approached the Financial Institutions for carrying out certain modifications in the Scheme. The Board of Directors of the Company is of the view that considering the long term prospects of GBL and the final shape of Scheme after modification, it is not necessary at this stage to make any provision in respect of the Company's investment in the said company.

During the year, Swapna Properties Ltd. has become a "public company" consequent upon change in the definition of public company in Section 3(1) (iv) of the Companies Act, 1956 and deletion of Section 43A of the said Act, concerning deemed public company.

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 forming part of the Report.

FIXED DEPOSITS

The Company mobilised fresh fixed deposit of Rs. 124.04 lacs in the year 2000-2001 and the total amount of deposits as on 31st March 2001 was Rs. 398.21 lacs (including unclaimed deposits). There were 232 deposits amounting to Rs. 16.61 lacs due for repayment which remained unclaimed as on 31st March, 2001. Out of these unclaimed deposits, 4 deposits for Rs. 0.40 lacs have since been renewed and 70 deposits for Rs. 6.65 lacs have been repaid.

DIRECTORS

Mr. T. Raghavendran was appointed as Nominee Director by ICICI Ltd. in place of Mr. A. J. Advani with effect from 24th August, 2000. The Board place on record its appreciation for valuable guidance received from Mr. A. J. Advani as a Director of the Company.

Mr. U.C. Kheruka and Mr. P.K. Kheruka, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the Stock Exchange, listed Companies are required to implement the code on Corporate Governance as per the criteria specified therein in phased manner. Accordingly, your company is required to implement the same on or before 31st March, 2002.

Composition of the Board of Directors :

The Board of Directors of your company comprises of 7 members with a mix of 3 Promoter Non-Executive Directors, 3 Independent Non-Executive Directors (one of whom is a nominee of ICICI Ltd.) and one Executive Director designated as Whole-time Director.

Audit Committee :

- (i) Pursuant to Clause 49 II of the Stock Exchange Listing Agreement, the Audit Committee was constituted by the Board at their meeting held on 28th April, 2001. The Audit Committee comprises of two Independent Non-Executive Directors and One Promoter Non-Executive Director viz Mr. A.C. Dalal, Mr. V.N. Nadkarni and Mr. P.K. Kheruka.
- (ii) The Role of Audit Committee is presently that of reviewing Quarterly Internal Audit Reports, submitting observation of the Half Yearly and Annual Financial Results to the Board of Directors, interacting with Statutory Auditor on Annual Accounts and other accounting matters and ensuring compliance with internal control systems. Its role will be gradually widened to cover other areas in terms of Clause 49 II of the Stock Exchange Listing Agreement.

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Share Transfer and Investors Grievance Committee:

The "Share Transfer Committee" of the Directors has since been reconstituted as "Share Transfer and Shareholders/Investors Grievance Committee" comprising of Mr. B.L. Kheruka, Mr. P.K. Kheruka, Mr. A.C. Dalal and Mr. R. Mehra. Shareholders/Investors queries/complaints are promptly attended to by the Company's in-house share department.

Dematerialisation of Shares :

The shares of your Company can be traded in dematerialised form. The Company has entered into necessary agreements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in this regard.

Name of Stock Exchange where the Company's Shares are listed:

Your Company's shares are listed at The Stock Exchange, Mumbai and your Company has already made payment of listing fee to the said Stock Exchange.

PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration to the extent as required to be disclosed under Section 217(2A) of the Companies Act, 1956 and rules thereunder, as amended.

AUDITORS

M/s. Chaturvedi & Shah, Chartered Accountants, will retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible have expressed their willingness for re-appointment.

AUDITORS' REPORT

Information furnished above under the caption "SUBSIDIARY COMPANIES" and the notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further explanation.

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

Subject to disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

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.

ACKNOWLEDGEMENTS

Your Directors record their appreciation for the co-operation received from the employees, Bankers and Financial Institutions during the year under review.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 20th August, 2001

B.L. KHERUKA
CHAIRMAN
