

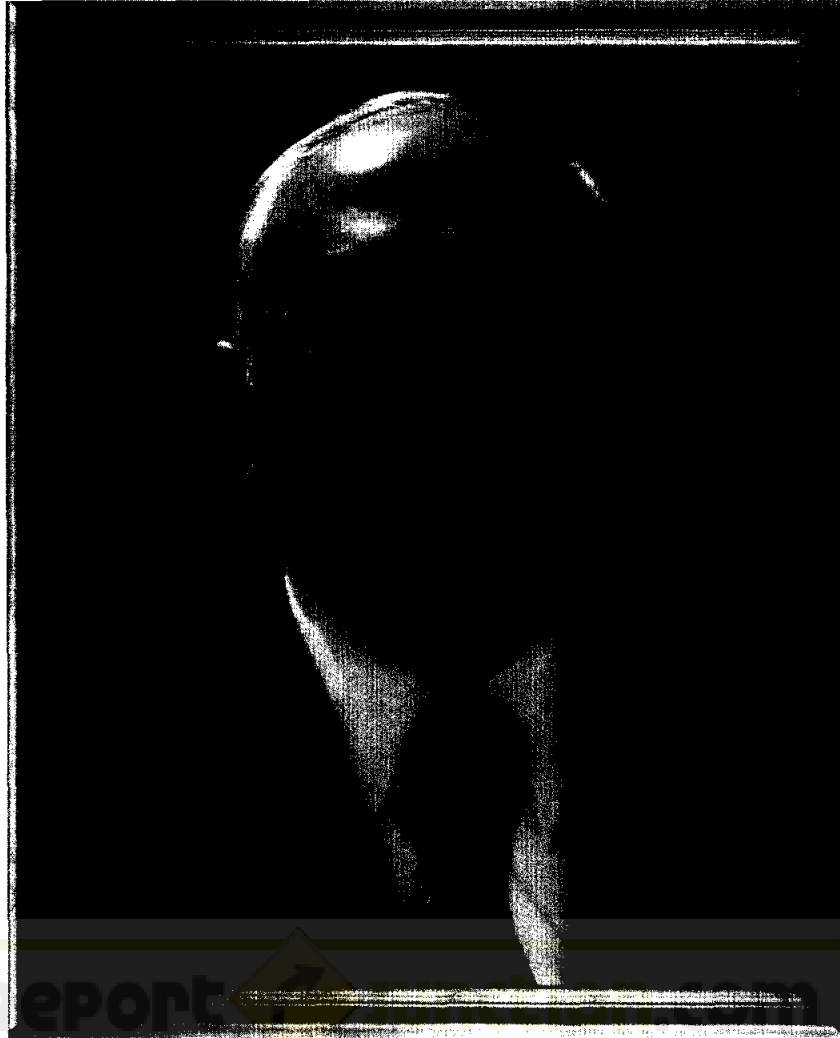
39th Annual Report 2001-2002

BOROSIL



BOROSIL GLASS WORKS LTD.

In Memoriam



Born on 13th August, 1907 in the Victorian era, Shri U. C. Kheruka enshrined the timeless qualities of untiring work, diligence and integrity in his pursuit of a better tomorrow, not only for himself and his colleagues, but for Society as whole.

He was successful in passing on and reinforcing these qualities in the businesses with which he was associated. His conduct was inspirational to those who came in contact with him.

He sponsored education and health care throughout his life and devoted himself exclusively to these activities in the last decade of his life.

His motto in life was “Goodwill is an asset; it cannot be bought, it must be created”.

BOROSIL

BOARD OF DIRECTORS

Mr. B. L. Kheruka - Chairman
Mr. P. K. Kheruka
Mr. A. C. Dalal
Mr. V. N. Nadkarni
Mr. T. Raghvendra (Nominee of ICICI)
Mr. R. Mehra - Whole-time Director
Mr. S. Bagai (Additional Director)

COMPANY SECRETARY

Ms. Jyoti Dialani

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,
Kolkata - 700 071.
- 161, Anna Salai, Chennai - 600 002.
- 19/90, Connaught Circus, New Delhi - 110 001.

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

Bank of Baroda
Union Bank of India
ICICI Bank Ltd.
The Zoroastrian Co-operative Bank Limited

SHARE DEPARTMENT

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

BOROSIL

NOTICE

NOTICE is hereby given that the Thirty-Ninth 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 Friday, 20th September, 2002 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date 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 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

4. To consider and, if thought fit, to pass, with or without modification(s), 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. S. Bagai, 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."
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 94(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 and Article 10 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to the cancellation of 4,859 equity shares of Rs. 10/- each issued but lying unsubscribed and that the Issued Capital of the Company be diminished from Rs.3,43,39,370/- comprising of 34,33,937 equity shares of Rs. 10/- each to Rs. 3,42,90,780/- comprising of 34,29,078 equity shares of Rs. 10/- each.
"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do and perform all such acts, deeds, matters and things as may be necessary, appropriate, desirable or expedient for giving effect to this Resolution."
6. To consider and, if thought fit, to pass with or without modification(s), 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 to the creation of such mortgages, charges and hypothecations in addition to existing mortgages, charges and hypothecations created by the Company in such form and manner as the Board may direct on such assets of the Company wherever situate, including Company's right as lessee on land and building acquired on lease from Vylene Glass Works Limited, both present and future, in such form and manner as may be agreed to by the Board of Directors and the chargeholders in favour of the following Banks namely
 - (1) Bank of Baroda (BOB);
 - (2) Union Bank of India (UBI); and
 - (3) The Zoroastrian Co-operative Bank Ltd. (Zoroastrian Bank) to secure the repayment of
 - (i) Working Capital Facilities of Rs. 207 lacs granted by BOB;
 - (ii) Working Capital Facilities of Rs. 140 lacs granted by UBI; and
 - (iii) Working Capital Facilities of Rs. 200 lacs granted by Zoroastrian Bank

together with interest thereon 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 Banks in terms of their respective Consortium Agreement, Hypothecation Agreements, Letter of Sanction, Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of the said facilities.
"RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds and things and to execute all such documents and writings as it may consider necessary, appropriate or desirable for giving effect to this Resolution."

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE

BOROSIL

COMPANY. THE 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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business under Item Nos. 4, 5 & 6 as set out above, and the relevant details in respect of Item Nos. 2 & 4 set out above, pursuant to Clause 49 of the Listing Agreement 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 13th September, 2002 to 20th September, 2002 both days inclusive.
- (4) The Members are requested to notify immediately the change of address, if any, to the Company's Share Department at 107, 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 ("the Act"), all unclaimed/unpaid dividends upto the financial year 31st March 1995 have been transferred to General Revenue Account of the Central Government. Shareholders who have not yet encashed the Dividend Warrants for the said period are requested to claim their amounts from the Registrar of Companies, Maharashtra at their Office at CGO Complex, 2nd Floor, A-Wing, Next to RBI Building, CBD Belapur 400 614.

Shareholders are hereby informed that after the amendment of the Act with effect from 31.10.1998, the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("Fund") established by the Central Government. In accordance with Section 205C of the Act, no claim shall lie against the Company or Fund in respect of the Individual amounts of dividends remaining unclaimed and unpaid for a period of seven years from the dates they became first due for payment and no payment shall be made in respect of any such claims.

- (6) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.
- (7) Appointment/Re-appointment of Directors

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of Director:	Mr. A.C. Dalal	Mr. S. Bagai
Date of Birth:	14th November, 1921	7th March, 1956
Date of Appointment:	28th August, 1989	29th June, 2002
Expertise in specific functional area	Share Broker with over 50 years of experience	Advocate with a rich experience
List of other Indian Public Limited Companies in which Directorship held.	<ul style="list-style-type: none"> ● Sutlej Industries Ltd. ● Pilani Investment & Inds. Corp. Ltd. ● Vidula Chemicals & Mfg. Inds. Ltd. ● Birla Global Finance Ltd. ● Century Textiles & Industries Ltd. ● Birla Securities Ltd. 	<ul style="list-style-type: none"> ● C. Net Telecon (India) Ltd. ● Prime Proteins Ltd.
Chairman/Member of Committees of the Board of other public limited companies.	Century Textiles & Industries Ltd. Audit Committee - Member Sutlej Industries Ltd. Audit Committee - Member	

Date : 31st July, 2002

By Order of the Board

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

JYOTI DIALANI
 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. 4**

The Board of Directors of the Company appointed Mr. S. Bagai, as Additional Director of the Company with effect from 29th June, 2002 in accordance with the Article 118 of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. S. Bagai will hold office of Additional Director upto the date of the forthcoming Annual General Meeting and is eligible for re-appointment. The Company has received a notice in writing from a member proposing the candidature of Mr. S. Bagai for the office of Director under the provisions of Section 257 of the Act. Consent in writing has been received from Mr. S. Bagai to act as Director, if appointed.

Except Mr. S. Bagai, no other Director is concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

Item No. 5

At present, the Company's Issued Share Capital is Rs. 3,43,39,370/- comprising of 34,33,937 equity shares of Rs. 10/- each, whereas, the subscribed and paid up capital of the Company is comprising of 34,29,078 equity shares of Rs. 10/- each. The difference represents 4,859 equity shares which were issued but not subscribed.

Section 94(1)(e) of the Companies Act, 1956 provides that a company may, if authorised by its Articles, by passing an Ordinary Resolution, cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled. However, Article 10 of the Articles of Association of the Company provides for such cancellation by passing Special Resolution. As such, the resolution under item no. 5 has been proposed for the approval of the shareholders in terms of sub-section 1(e) of Section 94 of the Companies Act, 1956 read with sub section (2) thereof and Article 10 of the Articles of Association of the Company to cancel the balance 4,859 equity shares which were not taken or agreed to be taken by any person.

None of the Directors of the Company are concerned or interested in the said resolution.

Your Directors recommend the resolution for your approval.

Item No. 6

In the normal course of its business, the Company from time to time is required to avail of working capital facilities. A charge on the assets/properties of the Company, both present and future, is normally given as a security for availing of said facilities.

Bank of Baroda, Union Bank of India and The Zoroastrian Co-operative Bank Ltd have sanctioned fresh/additional working capital facilities of Rs. 207 lacs, Rs. 140 lacs and Rs. 200 lacs respectively, which are required to be secured by a second and subservient mortgage/charge on certain immovable properties of the Company, both present and future, including Company's right as lessee in land and building taken on lease from Vylene Glass Works Ltd.

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

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

Date: 31st July, 2002

By Order of the Board

Registered Office:

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

JYOTI DIALANI
Company Secretary

FIVE YEAR FINANCIAL HIGHLIGHTS

		2001-2002	2000-2001	1999-2000	1998-1999	1997-98
Sales	(Rs. Lacs)	8648.91	7819.92	5917.82	6230.38	5646.38
Profit Before Tax	(Rs. Lacs)	(167.47)	11.59	9.46	11.80	18.02
Profit/(Loss) Before Tax as % on Sales		(1.94)	0.15	0.16	0.19	0.32
Provision for Taxation (including Deferred Tax income of Rs. 71.22 lacs; Previous Year NIL)	(Rs. Lacs)	70.54	1.49	1.69	5.61	3.09
Profit/(Loss) After Tax	(Rs. Lacs)	(96.93)	10.10	7.77	6.19	14.93
Profit/(Loss) After Tax as % on Sales		(1.12)	0.13	0.13	0.10	0.26
Dividend	%	0.00	0.00	0.00	0.00	0.00
Net Earnings per Share	(Rs.)	(2.83)	0.29	0.23	0.18	0.44
Shareholders' Funds	(Rs. Lacs)	4555.33	5233.19	5223.08	5200.31	5194.12
Book Value per Share	(Rs.)	132.84	152.61	152.32	151.65	151.47
Return on Investment	(%)	7.53	8.71	8.54	7.69	6.90

BOROSIL

DIRECTORS' REPORT

Your Directors present their Thirty-Ninth Annual Report and the Audited Accounts for the year ended 31st March, 2002.

FINANCIAL RESULTS

	(Rupees in lacs)	
	Year ended 31.3.2002	Year ended 31.3.2001
Gross Sales (Including Excise Duty)	8648.91	7819.92
Other Income	242.93	168.61
Gross Profit for the year after interest but before depreciation and Extra Ordinary Items	436.73	330.22
Less: Profit from Extra Ordinary Items	(214.82)	31.54
Less: Depreciation	389.38	350.17
Profit/(Loss) before tax	(167.47)	11.59
Provision for tax (including Deferred Tax Income Rs. 71.22 lacs; previous year Nil)	70.54	(1.49)
Net Profit/(Loss) after tax	(96.93)	10.10
Add: Balance as per last year	537.41	527.31
Add: Transfer from Debenture Redemption Reserve Account	77.00	-
Balance carried to Balance Sheet	517.48	537.41

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2002 in view of loss incurred in the said year.

PERFORMANCE

The operations of the Company during the year under review have been affected by the following factors:

- A. Pending rebuild, only one tube draw was working on Furnace No. 1 at Marol plant. The other tube draw was converted into press forebay to meet captive requirement of apparatus department which have high value addition. This has also led to increase in inventories due to the large range of products. The Company is in the process of reducing the same in the current year. Due to the rapid changes in the economic scenario, the Company is assessing the total domestic and export requirements for its labware and consumerware. The furnace capacities would be realigned accordingly.

The Company has received some designs and drawings for upgradation of its furnace number 1 at Marol and has tied up with one of the leading designers in the world for its total upgrade and expansion. It is in the process of tying up funds with Institutions/Banks for the same. The technology being sought would further improve quality of production at a lower cost and would also be used for its other furnaces.

In the current year, despite the unprecedented events across the globe, which also affected the Indian economy, sales of consumerware division remained stable at previous year's levels.

- B. Furnace No. 2 at Marol experienced serious glass quality problems in the middle of November, 2001. As the reasons could not be ascertained on a running furnace, the said furnace had to be shut down in March, 2002. During the intervening period, the quality of products from the said furnace was not fully upto the mark. It has now found that the refractories, which were supplied by a renowned manufacturer, deteriorated prematurely. Further investigations are in progress to determine the exact cause for refractory deterioration.
- C. The furnace at Maraimalai Nagar plant is under renovation and reconstruction and hence the major manufacturing activities remained suspended during the year. However, beaker machine operation was continuing there till November, 2001. At present, some lamp shop and grinding operations are being carried out there.

During the last few years, the economy has undergone a major upheaval with liberalisation of imports. This has led to the

Company assessing its production capacities, vis-a-vis cheap imports. In order to remain the market leaders, the Company has increased its overall range of products through imports.

Exports during the year were Rs. 187 lacs as against Rs. 142 lacs in the previous year.

Andheri Property

During the year, the Company has given development rights to a builder in respect of Company's surplus property at Andheri-Kurla Road and has received full consideration in respect thereof.

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, Unit Trust of India and GIC Mutual Fund. The second instalment of Rs. 20/- per debenture in respect of the said debentures is due on 14th August, 2002. The Company has got consent from Life Insurance Corporation of India, General Insurance Corporation of India and its four subsidiaries regarding deferment of redemption for a further period of 3 years for each instalment commencing from 14.8.2004 at a reduced coupon rate of 13.25% p.a.

INVESTMENT/DIMINUTION IN VALUE

In terms of Accounting Standard AS-13 of the Institute of Chartered Accountants of India, the Company has given effect to permanent diminution in the value of its investment in Gujarat Borosil Ltd., by reducing investment value to Rs. 5/- per share.

DEFERRED TAX LIABILITY

In terms of Accounting Standard No. 22 of the Institute of Chartered Accountants of India, the Company has provided Rs. 580.93 lacs towards deferred tax liability in respect of previous years by debiting General Reserve.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars prescribed under the Companies (Disclosures 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. 113.25 lacs in the year 2001-2002 and the total amount of deposits as on 31st March, 2002 was Rs. 311.42 lacs (including unclaimed deposits). There were 191 deposits amounting to Rs. 15.99 lacs due for repayment which remained unclaimed as on 31st March, 2002. Out of these unclaimed deposits, 2 deposits for Rs. 20,000/- have since been renewed and 6 deposits for Rs. 51,000/- have been repaid.

SUBSIDIARY COMPANY

Gujarat Borosil Ltd. ceased to be a subsidiary of the Company with effect from 30th March, 2002. Accordingly, Swapan Properties Ltd., a subsidiary of Gujarat Borosil Ltd., also ceased to be a subsidiary of the Company.

DIRECTORS

Mr. U.C. Kheruka, Director of the Company expired on 19th March, 2002. The Board placed on record its appreciation for valuable guidance received from him during his tenure as a Director of the Company.

The Board has appointed Mr. S. Bagai as an Additional Director of the Company with effect from 29th June, 2002. He shall vacate his office as an Additional Director at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. A.C. Dalal retires by rotation and, being eligible, offers himself for reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Your Company is the only manufacturer in India of low expansion borosilicate glass which is used by it to manufacture a wide variety of scientific, industrial and consumerware items. The Company also supplies tubings and many other semi finished products which are used by the small scale industries to manufacture various finished products like burettes, pipettes, flasks, condensers, ground joints, extractors etc. The entire Research and Development Industry, Education and Health segment of the market are major users of scientific and industrial products, whereas consumerware items cater to the need of domestic sector.

BOROSIL

B. OPPORTUNITIES AND THREATS

Since the scientific and industrial segments depend largely on government funding, in view of nominal increase in the budgetary allocation of such funds, the opportunity of growth in scientific and industrial items seem rather limited.

However, there is a huge untapped potential in the consumerware sector. Your Company has, therefore, been importing and /or trading in number of such items. The Company has also entered into Agreements/Understanding with various manufacturers of Europe and South East Asia to market and sell various items which are required in the domestic market alongwith the products manufactured by the Company.

Unrestricted import and dumping of scientific and industrial products by parties from various countries is posing threats to the business of the Company. Availability of significant quantities of spurious goods bearing Company's brand name is also affecting business. This matter is of serious concern to the Company and though it is very difficult to completely stop such activities, the Company has taken a number of steps to combat this menace including legal steps against a number of unscrupulous manufacturers and distributors.

C. SEGMENTWISE OR PRODUCTIONWISE PERFORMANCE

- Scientific and Industrial Product Division

As mentioned above, the overall growth of scientific and laboratory business in the country has not been upto the desired levels because of restricted government funding. The situation has further been aggravated by the industrial recession.

- Consumerware Division

The Borosil International range of ovenware has been steadily growing since 1999. The Company has consolidated its position in microware glassware segment and further consolidation is expected. The sale of drinking glasses, with expansion of new ranges, is also growing steadily. However, as mentioned above, because of the events happening across the globe, sales and profitability of this division got affected.

D. OUTLOOK

Scientific and Industrial Products:

Increased export activities and raids on spurious manufacturers are expected to result in increased sales in these products in the current year. The Company also has plans to augment its sub-contract activities and introduce new ranges in scientific and laboratoryware business.

Consumerware Products:

The Company expects to further increase its market share in microware glassware segment. The Company also expects to emerge as clear market leader in drinking glasses segment with the addition of two new ranges during the year 2002-2003.

E. RISK AND CONCERNS

(a) Dumping of goods by foreign competitors

(b) Spurious activities

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control system commensurate with its size and nature of business. The internal audit is periodically conducted by external firm of Chartered Accountants and internal audit reports are reviewed by the Audit Committee.

G. MATERIAL DEVELOPMENT IN HUMAN RESOURCES, INDUSTRIAL RELATION FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

Industrial relations at both the plants of the Company remained cordial during the year under review.

Number of people employed with the Company are as follows:

The Company has in total 859 permanent employees comprising of 242 management/supervisory cadres and 617 other staff, out of which 31 employees are presently on lay-off. The Company has a team of skilled workers at its plants.