

43rd Annual Report 2005-2006

BOROSIL

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BOROSIL GLASS WORKS LTD.

BOARD OF DIRECTORS

B. L. Kheruka - Chairman
P. K. Kheruka - Vice Chairman & Managing Director
A. C. Dalal
V. N. Nadkarni
S. Bagai
V. Ramaswami

REGISTERED OFFICE

Khanna Construction House,
44, Dr. R. G. Thadani Marg, Worli, Mumbai - 400 018.
☎ : 2493 0362/66

FACTORIES

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

ZONAL SALES OFFICES

- 403/404, Kaliandas Udyog Bhavan Premises
Near Century Bazar, Worli, Mumbai - 400 025.
- Dabriwala House, 10, Middleton Row,
Kolkata - 700 071.
- Door No. 22, Wheat Croft Road, Nungambakkam,
Chennai - 600 034.
- 19/90, Connaught Circus, New Delhi - 110 001.

AUDITORS

Chaturvedi & Shah
Chartered Accountants

BANKERS

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

REGISTRAR & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
Unit : Borosil Glass Works Ltd.
21, Shakil Niwas, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
☎ : 2825 7641 / 2826 2920

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NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of the Members of Borosil Glass Works Limited will be held at Sasmira Auditorium, 3rd Floor, Sasmira Marg, Dr. Annie Basant Road, Worli, Mumbai - 400 030 on Friday, the 25th August, 2006 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, 2006 and the Profit and Loss Account for the year ended on that date and the Directors' and Auditors' Report thereon.
2. To declare a dividend on the equity shares.
3. To appoint a Director in place of Mr. B. L. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. N. Nadkarni who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s. Chaturvedi & Shah, Chartered Accountants as 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

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

"RESOLVED THAT pursuant to the provisions of Section 314(1B) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to approval of the Central Government, consent of the Company be and is hereby accorded to the appointment of Mr. Shreevar Kheruka, (a relative of Mr. B. L. Kheruka, Chairman and Mr. P. K. Kheruka, Vice-Chairman & Managing Director) to hold an office of profit under the Company as Vice-President on a total remuneration (excluding Gratuity and Superannation) not exceeding Rs. 15,00,000/- per annum in the scale of Rs. 50,000/- - Rs. 1,00,000/- per month alongwith allowances and perquisites and other terms and conditions mentioned in the draft Appointment letter, a copy whereof is placed before this meeting with authority to the Board of Directors to sanction at their discretion increments within the grade as they deem fit and proper, for a period of three years, commencing from the date the approval of the Central Government is received or from such date as may be approved by the Central Government.

RESOLVED FURTHER that the remuneration payable to Mr. Shreevar Kheruka as aforesaid will be subject to such modification(s) as the Central Government may suggest or require which the Directors are hereby authorised to accept on behalf of the Company and which may be acceptable to Mr. Shreevar Kheruka."

7. 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. V. Ramaswami, 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."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and any other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the "Act" which includes any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the appointment of Mr. V. Ramaswami as Whole-time Director for a period of three years with effect from 1st September, 2006 on the terms and conditions including remuneration as set out in the Agreement to be entered into between the Company and Mr. V. Ramaswami, a draft whereof is placed before this meeting, with a liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement subject to the same not exceeding the limits specified in Schedule XIII to the Act.

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RESOLVED FURTHER THAT in case of loss or inadequacy of profits in any financial year during his tenure as Whole-time Director, Mr. V. Ramaswami shall be paid the remuneration as set out in the Explanatory Statement as the minimum remuneration subject to limits laid down in Schedule XIII of the Companies Act, 1956, or as may be approved by the Central Government.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all steps as may be necessary, proper and expedient to give effect to this Resolution."

9. To consider and, if though fit, to pass, with or without modifications(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) to the creation of such mortgages and charges in addition to existing mortgages and charges created by the Company in such form and manner as the Board may decide on such assets of the Company wherever situate including Company's rights as Lessee on land and building acquired on lease from Vyline Glass Works Ltd., both present and future, in favour of IndusInd Bank Limited, in such form and manner as may be agreed to by the Board of Directors and the said bank to secure working capital facilities of up to Rs. 500 Lakhs together with interest, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, expenses and all other moneys payable by the Company in terms of the Agreements/Letter of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said working capital facilities.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do such acts, deeds and things as may be necessary, appropriate and expedient to give effect to the aforesaid Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, and of the Articles of Association of the Company and subject to such approvals, as may be necessary, the Directors of the Company (other than Managing and Whole-time Directors) be paid a commission of such an aggregate amount, as may be determined by the Board of directors, not exceeding 1% of the net profits of the Company, of the relevant accounting year as computed in the manner prescribed under Section 198 of the Companies Act, 1956, and the said sum be distributed amongst them in such proportion and in such manner as may be decided by the Board of Directors in that behalf.

AND RESOLVED FURTHER THAT the commission as aforesaid, be payable to the Directors for a period of Five accounting years of the Company, commencing with the accounting year beginning from 1st April, 2006."

By Order of the Board

Place : Mumbai

Date : 29th June, 2006.

P. K. Kheruka

*Vice-Chairman &
Managing Director*

Registered Office:

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

NOTES

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited with the Company at least 48 hours before the Meeting.
- (2) An Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 to 10 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 Friday, 18th August, 2006 to Friday, 25th August, 2006 (both days inclusive).

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- (4) The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 25th August, 2006 :
- to those Members whose names appear in the Register of Members as on 25th August, 2006.
 - in respect of shares held in electronic form, to those "deemed Members" whose names appear on the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 17th August, 2006.
- (5) The Members are requested to notify immediately the change of address, if any, to the Company's Registrar and Transfer Agents Viz. Mondkar Computers Pvt. Ltd. Unit : Borosil Glass Works Ltd. 21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
- (6) Members are requested to bring their copy of Annual Report to the Meeting as the same will not be distributed at the meeting.
- (7) The details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement) are furnished below:

Name of the Director	Mr. B. L. Kheruka	Mr. V. N. Nadkarni	Mr. V. Ramaswami
Date of Birth	7th November 1930	24th July, 1924	1st April, 1958
Qualification	B. Com	Graduate	B.SC / B.Tech / DBAFM
Date of Appointment	24th November, 1988	14th August, 1990	17th August, 2005
Expertise in Specific Functional Area	Industrialist having 53 years of experience in various functional areas of business /industry	Ex-Chairman of State Bank of India having vast experience in banking and finance	Over 25 years experience in various industries
List of other Indian Public Limited Companies in which Directorship held	Window Glass Limited Gujarat Fusion Glass Ltd. General Magnets Ltd. Gujarat Borosil Limited Croton Trading Limited	1. Vajra Granites Limited 2. Schrader Duncan Limited 3. Central India Polyester Limited 4. Goldiam International Limited	—
Chairman/Member of the Board Committees of other Public Limited Companies	Share Transfer and Investor Grievance Committee: Gujarat Borosil Limited - Member	Audit Committee : 1. Schrader Duncan Limited 2. Goldiam International Limited	
No of shares held by them	Nil	NIL	Nil

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

Under sub-section (1B) of section 314 of the Companies Act, 1956, it is necessary to obtain the prior consent of the Company by a special resolution and the approval of the Central Government for holding or continuing to hold office or place of profit under the Company in any such office or place of profit carrying a total monthly remuneration of Rs. 50,000 or more by a relative of Director. It is proposed to appoint Mr. Shreevar Kheruka, who is related to Mr. B. L. Kheruka, Chairman and Mr. P.K.Kheruka, Vice Chairman & Managing Director, as Vice President of the Company for a period of three years. Mr. Shreevar Kheruka has obtained dual degrees in Bachelor of Science in Economics with specialisation in Entrepreneurship & Finance and Bachelor of Arts in International Relations from Wharton School & the College of Arts & Sciences of the University of Pennsylvania, United States of America (USA). Thereafter, he joined Monitor Group, a strategic Consultancy firm based in Boston, USA in the capacity of Consultant. He was with Monitor for over a year, being part of a team to restructure important divisions of some Fortune 500 Companies such as Merck and Eastman during this time. He has now returned back to India and is willing to utilise his knowledge and experience in running a manufacturing unit.

Since the Company was looking for a suitable candidate for appointment as Vice-President, a Selection Committee was constituted and after interviewing candidates, the said Committee found Mr. Shreevar Kheruka suitable for the position on the following terms and conditions:

a) Remuneration :	Rs.
Salary	55,000 p.m. in the scale of Rs. 50,000/- Rs. 1,00,000/- p.m. with such increments as may be decided by the Board of Directors from time to time.
House Rent Allowance	15,000 p.m.
Additional Allowance	5,775 p.m.
City Compensatory Allowance	6,000 p.m.
Soft Furnishing	4,583 p.m.
Club fee (Rs. 12,000/- per annum)	1,000 p.m.
Provident Fund	6,600 p.m.
	<u>93,958 p.m.</u>
Leave Travel Allowance (Payable annually Rs. 55,000/-p.a.)	4,584
Bonus / Adhoc (Payable annually Rs. 2,500 p.a.)	208
Medical (Payable annually Rs. 15,000 p.a.)	1,250
Total Per month	<u>1,00,000</u>
Grand Total Per Annum	<u><u>12,00,000</u></u>

- Mr. Kheruka and his dependents will be covered by the Company's Medical Insurance scheme as regards medical expenses incurred on Hospitalisation
- Gratuity and Superannuation : as per Rules of the Company
- Mr. Kheruka will be provided with a Company maintained car with a driver
- Phone rental and call charges will be paid by the Company at actuals for telephone at the residence / mobile phone. Charges for personal STD/Trunk Calls would be borne by Mr. Shreevar Kheruka.
- Leave with full pay or encashment thereof as per the Rules of the Company.
- Mr. Shreevar Kheruka will further be entitled to reimbursement of actual entertainment and travelling expenses incurred by him for business purposes.

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b) Other terms:

The employment may be terminated by either parties by giving three months notice in writing.

Since Mr. Shreevar Kheruka is a grandson of the Chairman and son of Vice-Chairman & Managing Director and his total remuneration will exceed Rs. 50,000/- per month, the proposed special resolution is intended to obtain the consent of the members of the Company, which will be followed by approval of the Central Government, to his holding or continuing to hold office or place of profit under the Company.

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

Mr. B. L. Kheruka and Mr. P.K. Kheruka, being relative of Mr. Shreevar Kheruka, may be deemed to be interested in his appointment and payment of remuneration as Vice-President. No other Director is concerned or interested in the Resolution.

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

Item No. 7

The Board of Directors of the Company appointed Mr. V. Ramaswami, as an additional Director of the Company with effect from 17th August, 2005 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. V. Ramaswami will hold office of Director upto the date of the forthcoming Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. V. Ramaswami for the office of Director under the provisions of Section 257 of the Act.

Mr. V. Ramaswami is a technocrat with indepth knowledge in different areas of manufacturing and has over 25 years of experience in various industries. Mr. Ramaswami began his career with SPIC as Engineering Trainee. He then had a short stint with offshore oil companies in the Middle East in their maintenance department. He then moved to UHDE India Limited, Mumbai as Principal Engineer in instrumentation department. In the year 1992, he joined Gujarat Borosil Limited, and was involved in setting up and operating the sheet glass factory at Govali, Dist. Bharuch of the said company.

Your Directors recommend the resolution for your approval.

Except Mr. V. Ramaswami, no other Director is concerned or interested in the resolution.

Item No. 8

The Company proposes to appoint a Whole-Time Director to look after day to day affairs since Managing Director is engaged in formulation of policy and future strategy for the Company. It is proposed to appoint Mr. V. Ramaswami, as Whole-Time Director with effect from 1st September, 2006. Mr. V. Ramaswami is presently an Additional Director of your Company.

The appointment of Mr. V. Ramaswami is subject to provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956.

The proposed terms and conditions of Mr. V. Ramaswami's appointment and remuneration payable to him are as follows:

I. Remuneration

- | | | |
|---|---|---|
| a) Salary | : | Rs. 70,000/- p.m. in the scale of Rs. 70,000/- to Rs. 1,00,000/- with such increments as may be decided by the Board of Directors (which includes any Committee thereof) from time to time. |
| b) Perquisites | : | |
| i) House Rent Allowance | : | Rs. 21,000/- p.m. |
| ii) Reimbursement of Electricity expenses | : | at actuals |
| iii) Medical Expenses | : | |
| Domiciliary Treatment | - | At actuals subject to a ceiling of Rs. 15,000/- p.a. for Mr. Ramaswami and his family. |
| Hospitalisation | - | Mr. Ramaswami and his dependents will be covered by the Company's medical insurance scheme. |
| iv) Club fees | : | Actual subject to ceiling of Rs. 7,200/- per annum |
| v) Personal Accident Insurance | : | |
| Personal Accident Insurance Policy of such amount, the premium of which shall not exceed Rs.10,000/- per annum. | | |

- vi) Leave Travel Assistance - for Mr. Ramaswami and his family, once a year, incurred in accordance with the Rules of the Company.
 - vii) Mr. Ramaswami will be provided with a Company maintained car with Driver.
 - viii) Phone rental and call charges will be paid by the Company at actuals for telephone at the residence/mobile phone. Charges for personal STD/Trunk Calls would be borne by Mr. V. Ramaswami.
 - ix) Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of his tenure, payable as per rules of the Company.
 - x) Leave
Leave with full pay or encashment thereof as per the Rules of the Company.
 - xi) Mr. V. Ramaswami will further be entitled to reimbursement of actual entertainment and travelling expenses incurred by him for business purposes.
- II. In case of inadequacy or absence of profits in any financial year during the tenure of Mr. V. Ramaswami as a Whole-Time Director, the remuneration payable to him in that financial year shall be calculated in a manner so that it does not exceed the limits laid down in Section II of Part II of Schedule XIII to the Companies Act, 1956 or as may be approved by the Central Government.
- III. Other terms and conditions:
- (i) Mr. V. Ramaswami, as long as he functions as Whole-Time Director shall not become interested or otherwise concerned directly or through his wife in any selling agency of the Company without prior approval of the Central Government.
 - (ii) The Agreement may be terminated by either party by giving three months' notice in writing.

Statement of Information as required under Schedule XIII of the Companies Act, 1956 :

I. General Information

- (1) Nature of industry : Manufacture and trading in borosilicate and other types of glassware
- (2) Date of commencement of commercial production : 14th December, 1962

	(Rs. in lacs)		
(3) Financial Performance :	2003-04	2004-05	2005-06
Gross Sales	6510.88	6303.19	7012.88
Profit / (Loss) before Tax	(40.17)	98.08	575.44
Net Profit	10.97	232.41	401.03
(4) Export performance and net Foreign Exchange Earnings :	2003-04	2004-05	2005-06
	303.71	366.12	631.03
(5) Foreign Exchange Collaboration :	NIL	NIL	NIL

II. Information about the appointee

- (1) Background details : Mr. V. Ramaswami is a B.SC., B Tech and also having Diploma in Business Administration & Financial Management and has over 25 years wide experience particularly in various industries. He has been associated with Gujarat Borosil Limited since over last 14 years.
- (2) Past remuneration : With other Company : Salary Rs. 48,000/- per month + HRA : Rs. 21,000/- per month and other Perquisites and benefits.
- (3) Recognition or awards : —
- (4) Profile and his suitability : Mr. V. Ramaswami shall be required to look after Company's affairs particularly at plant level subject to direction, superintendence and control of the Board of Directors and Managing Director.

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| (5) Remuneration proposed | : As given above in the explanatory statement |
| (6) Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person | : There is no other manufacturer of borosilicate glass in the country. As regards other glass manufacturers, the size of their operations are quite large and hence cannot be compared with the Company. |
| (7) Pecuniary relationship directly or indirectly with the Company or with the managerial personnel, if any. | : He is presently Additional Director of the Company and is entitled for sitting fee from the Company for attending Board meeting. |

III. Other Information

- | | |
|--|---|
| (1) Reasons of loss or inadequate profits | The Company is likely to have adequate profit during current financial year. However, the above information has been provided in the case of inadequacy of profit during any subsequent year during his tenure. |
| (2) Steps taken or proposed to be taken for improvement | |
| (3) Expected increase in the productivity and profit in measurable terms | |

Your Directors recommend passing of the Resolutions at Item No. 8 of the Notice.

A copy of the draft Agreement to be entered into between the Company and Mr. V. Ramaswami will be available for inspection by members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on any working days upto and including Annual General Meeting.

Abstract pursuant to Section 302 of the Companies Act, 1956

This may also be considered as an abstract of terms and conditions of appointment of Mr. V. Ramaswami, pursuant to Section 302 of the Companies Act, 1956 and Memorandum of Interest in that behalf.

Item No. 9

IndusInd Bank Ltd has sanctioned fresh/additional working capital facilities of up to Rs. 500 lakhs to the Company, which is 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 Vyline Glass Works Ltd.

The Directors, therefore, recommend passing of the Ordinary Resolution under item no. 9 of the accompanying Notice.

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

Item No. 10

In past, the Non-executive Directors of the Company were paid commission on net profit of the Company.

With the growing emergence of corporate governance concept in India, onerous responsibility devolving on them and considerable contributions made by the non-executive Directors in the affairs of the Company, it is imperative to make payment of a Commission at the rate not exceeding 1% of the net profits per annum, as may be decided by the Board of Directors from time to time, for the five accounting year commencing from 1st April, 2006 to all Directors (except Managing and Whole-time Directors) in terms of Sections 309(4), 310 and other applicable provisions of the Companies Act, 1956 and of the Articles of Association of the Company.

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

By Order of the Board

Place : Mumbai
Date : 29th June, 2006

P. K. Kheruka
Vice-Chairman &
Managing Director

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

FIVE YEAR FINANCIAL HIGHLIGHTS

		2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Net Sales	(Rs. lacs)	6494.70	5845.21	6169.04	6600.13	8475.57
Profit Before Tax	(Rs. lacs)	575.44	98.08	(80.17)	(32.47)	(167.47)
Profit/(Loss) Before Tax as % on Sales		8.86	1.68	(1.30)	(0.49)	(1.98)
Provision for Taxation (including Deferred Tax of Rs. 149.32 lacs; Previous Year Rs. 134.48 lacs)	(Rs. lacs)	174.41	(134.33)	(91.14)	(76.82)	(70.54)
Profit/(Loss) After Tax	(Rs. lacs)	401.03	232.41	10.97	44.35	(96.93)
Profit/(Loss) After Tax as % on Sales		6.17	3.98	0.18	0.67	(1.14)
Dividend	(%)	20.00	10.00	0.00	0.00	0.00
Net Earnings per Share	(Rs.)	11.69	6.78	0.32	1.29	(2.83)
Shareholders' Funds	(Rs. lacs)	4715.46	4392.96	4610.65	4599.68	4555.33
Book Value per Share	(Rs.)	137.51	128.11	134.46	134.14	132.84
Return on Investment	(%)	9.30	6.86	4.68	7.61	7.53

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