

44th Annual Report 2006-2007

BOROSIL



BOROSIL GLASS WORKS LTD.

BOARD OF DIRECTORS

B. L. Kheruka - Chairman
 P. K. Kheruka - Vice Chairman & Managing Director
 A. C. Dalal
 S. Bagai
 K. V. Krishnamurthy
 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 Limited

REGISTRAR & TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
 Unit : Borosil Glass Works Ltd.
 21, Shakil Niwas, Mahakali Caves Road,
 Andheri (East), Mumbai - 400 093.
 ☎ : 2826 2920 / 2836 6620

BOROSIL

NOTICE

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Members of Borosil Glass Works Limited will be held at 'Orchid', Sunville Banquet, 2nd Floor, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, the 17th August, 2007 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, 2007 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. P. K. Kheruka who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. C. Dalal 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 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. K. V. Krishnamurthy, 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."
7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:
 "RESOLVED THAT the special resolution passed by the members at the Annual General Meeting of the Company held on 29th July, 2005, pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, be and is hereby amended or altered in the following manner:

the words/figures 'Rs.36,00,000/- p.a.' be deleted and replaced with the words 'limit, as approved by the shareholders in terms of Sections 198, 269, 309 and Schedule XIII of the Companies Act, 1956' "

By Order of the Board

Place: Mumbai
Date: 28th June, 2007

C. Baptista
Company Secretary

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) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 6 and 7 is annexed hereto and forms part of this Notice.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from 10th August, 2007 to 17th August, 2007 (both days inclusive).
- (4) The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after 17th August, 2007:
 - (i) to those Members whose names appear in the Register of Members after giving effect to all valid share transfers in physical form lodged with the Company on or before 9th August, 2007.
 - (ii) 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 9th August, 2007.

- (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.

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. P. K. Kheruka	Mr. A. C. Dalal	Mr. K. V. Krishnamurthy
Date of Birth	23rd July, 1951	14th November, 1921	8th May, 1943
Qualification	B. Com	–	B. Com, F.C.A., F.IIB.
Date of Appointment	24th November, 1988	28th August, 1989	29th September, 2006
Expertise in Specific Functional Area	Over 36 years experience, particularly in the glass industry.	Over 65 years experience in capital markets.	Over 35 years experience in domestic and international banking and finance related matters. Had been the Chairman & Managing Director of Syndicate Bank and Bank of India.
List of other Indian Public Limited Companies in which Directorship held	1. Gujarat Borosil Ltd. 2. Gujarat Fusion Glass Ltd. 3. General Magnets Ltd. 4. Window Glass Ltd.	1. Century Textiles and Industries Ltd. 2. SIL Investments Ltd. 3. Pilani Investment & Inds. Corp. Ltd.	1. Essar Steels Ltd. 2. Thirumalai Chemicals Ltd. 3. Asset Reconstruction Company of India Ltd. 4. Sundaram BNP Paribas Mutual Fund - Trustees Co. Ltd. 5. Rap Media Ltd. 6. Centrum Capital Ltd. 7. Centrum Direct Ltd. 8. Essel Propack Ltd. 9. The Ratnakar Bank Ltd.
Chairman/Member of the Board Committees of other Public Limited Companies	Audit Committee <i>Member</i> Gujarat Borosil Ltd. Share Transfer & Investors' Grievance <i>Chairman</i> Gujarat Borosil Ltd.	Audit Committee <i>Member</i> 1. Century Textiles and Industries Ltd. 2. SIL Investments Ltd. 3. Pilani Investment & Inds. Corp. Ltd.	Audit Committee <i>Member</i> 1. Asset Reconstruction Company of India Ltd. 2. Essel Propack Ltd. 3. Sundaram BNP Paribas Mutual Fund-Trustees Co. Ltd. 4. Centrum Capital Ltd. 5. The Ratnakar Bank Ltd. 6. Essar Steels Ltd. 7. Thirumalai Chemicals Ltd. Shareholders'/Investor Grievance: <i>Member</i> Essel Propack Ltd.
No of shares held by them	Nil	Nil	Nil

BOROSIL

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

The Board of Directors of the Company appointed Mr. K. V. Krishnamurthy, as an additional Director of the Company with effect from 29th September, 2006 in accordance with the Article 118 of the Articles of Association of the Company. Mr. K. V. Krishnamurthy is a Chartered Accountant and had been Chairman of Syndicate Bank and Bank of India. Mr. Krishnamurthy possesses vast experience in banking and finance related matters. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. K. V. Krishnamurthy 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. K. V. Krishnamurthy for the office of Director under the provisions of Section 257 of the Act.

The Board recommends passing of Resolution at Item No.6 as an Ordinary Resolution.

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

Item No. 7

The members vide Special Resolution passed at the Annual General Meeting held on 29th July 2005, had approved, inter-alia, remuneration payable to Mr. P. K. Kheruka as Managing Director for a period of three years with effect from 1st August, 2005, in terms of Sections 198, 269, 309 and Schedule XIII to the Companies Act, 1956. At the same Annual General Meeting, the members had also approved a Special Resolution under Section 314(1B), wherein an overall limit of Rs.36,00,000/- was fixed.

The Special Resolution at Item No.7 of the accompanying Notice is intended to ensure that while the remuneration payable to Mr. P. K. Kheruka remains within the limit prescribed under Schedule XIII of the Companies Act, 1956, the ceiling of Rs.36,00,000/- aforesaid is removed.

The Board recommends passing of Resolution at Item No.7 as a Special Resoluton

Except Mr. P. K. Kheruka and Mr. B. L. Kheruka, being a relative of Mr. P. K. Kheruka, no other Director is concerned or interested in the resolution.

By Order of the Board

Place: Mumbai

Date : 28th June, 2007

C. Baptista

Company Secretary

Registered Office:

Khanna Construction House

44, Dr. R.G. Thadani Marg

Worli, Mumbai 400 018.

FIVE YEAR FINANCIAL HIGHLIGHTS

		2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Net Sales	(Rs. lacs)	6825.95	6494.7	5845.21	6169.04	6600.13
Profit Before Tax	(Rs. lacs)	1319.15	575.44	98.08	(80.17)	(32.47)
Profit/(Loss) Before Tax as % on Sales		19.33	8.86	1.68	(1.30)	(0.49)
Provision for Taxation (including Deferred Tax of Rs. (14.73) lacs; Previous Year Rs.149.32 lacs)	(Rs. lacs)	216.57	174.41	(134.33)	(91.14)	(76.82)
Profit/(Loss) After Tax	(Rs. lacs)	1,102.58	401.03	232.41	10.97	44.35
Profit/(Loss) After Tax as % on Sales		16.15	6.17	3.98	0.18	0.67
Dividend	(%)	30.00	20.00	10.00	0.00	0.00
Net Earnings per Share	(Rs.)	32.12	11.69	6.78	0.32	1.29
Shareholders' Funds	(Rs. lacs)	6142.68	4715.46	4392.96	4610.65	4599.68
Book Value per Share	(Rs.)	170.23	137.51	128.11	134.46	134.14
Return on Investment	(%)	15.04	9.30	6.86	4.68	7.61

BOROSIL

DIRECTORS' REPORT

Your Directors present their Forty Fourth Annual Report and the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rupees in lacs)

	Year ended 31.03.2007	Year ended 31.03.2006
Gross Sales (including Excise Duty)	7371.45	7012.88
Other Income	291.33	269.53
Profit for the year before Interest, Depreciation and Extra Ordinary Items	1345.62	1298.13
Less: Interest	292.42	297.48
Less: Depreciation	400.88	398.02
Profit/(Loss) from Extra Ordinary Items (Net)	666.83	(27.19)
Profit for the year before tax	1319.15	575.44
Less: Provision for Income Tax	207.94	39.42
Add: MAT credit entitlement	—	(35.14)
Less: Provision for Wealth Tax	0.24	0.26
Less: Provision for Fringe Benefit Tax	23.12	20.55
Less: Deferred Tax	(14.73)	149.32
Profit for the year	1102.58	401.03
Add: Transfer from Debenture Redemption Reserve	101.00	81.00
Add: Balance as per last year	1267.70	904.20
Amount available for Appropriation	2471.28	1386.23
Appropriations		
Transferred to General Reserve	115.00	40.00
Proposed Dividend	108.25	68.58
Tax on Proposed dividend	18.40	9.62
Short Provision for Tax on Dividend	0	0.33
Balance carried to Balance Sheet	2229.63	1267.70

DIVIDEND

Your Directors are pleased to recommend a higher dividend @ 30% i.e. Rs.3 per equity share, as compared to 20% declared last year.

PERFORMANCE

During the year under review, as compared to previous year, sales rose by about 5% i.e. from Rs.7012.88 lacs to Rs.7371.45 lacs and profit after tax from Rs.401.03 lacs to Rs.1102.58 lacs (including extraordinary income of Rs.666.83 lacs, on account of reversal of provision made in respect of long term investment in shares). Exports during the year were slightly higher at Rs.665.48 lacs as compared to Rs.631.03 lacs in the previous year.

NEW PROJECTS / PREFERENTIAL ISSUE

The Company has acquired/is in the process of acquiring around 15 acres of land near Roorkee in the state of Uttaranchal, which can be used to set up a manufacturing unit. The Company is still working on the financials of the said project. The Company has kept its option open for setting up/acquiring manufacturing unit(s) at some other place also.

For part financing of the same, the Company during the year issued 5,34,850 Warrants carrying a right to subscribe to Equity Shares to the promoter companies on preferential basis, in terms of the resolution passed by the shareholders at the Extraordinary General Meeting of the Company held on 4th January, 2007. The promoters have exercised their right in respect of 1,79,390 Warrants in March 2007 and as per terms of issue equal number of equity shares of Rs.10/- each were issued at a premium of Rs.266.50 per share in terms of SEBI(Guidelines on Preferential Issues). As a result, the promoters' holding in the Company has gone up from 47.97% to 50.56% of the total paid-up share capital. The said shares have since been listed with the Bombay Stock Exchange Limited.

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The fund so raised has been fully utilised for the purpose for which the Warrants/resultant shares were issued. The details of utilisation have been given in Note No. B-3 of the Notes to the Accounts.

DEBENTURES

The third and final instalment of Rs.25/- in respect of 8,04,778, 13.25% Non-Convertible Portion of Partly Convertible Debentures of Rs.65/- each held by LIC Mutual Fund and Insurance Companies was paid on 24th August, 2006. Accordingly, the said Debentures have now been fully redeemed.

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 this Report.

FIXED DEPOSITS

The Company has stopped accepting fresh fixed deposits from July, 2006. The Company mobilised fresh fixed deposits of Rs.23.35 lacs till that period, in the financial year 2006-2007. The total amount of deposits as on 31st March, 2007 was Rs.271.34 lacs (including unclaimed deposits). Deposits amounting to Rs.18.84 lacs due for repayment remained unclaimed as on 31st March, 2007. Out of these, deposits for Rs.4.16 lacs have since been paid.

DIRECTORS

Mr. V. N. Nadkarni, Director of the Company since 1990 and member of the Audit and Remuneration Committee of the Board of Directors expired on 3rd August, 2006. The Board placed on record its appreciation for his valuable contribution to the Company.

Mr. V. Ramaswami was appointed as Whole-time Director of the Company for a period of 3 years with effect from 1st September, 2006, in terms of the resolution passed at the last Annual General Meeting.

Mr. K. V. Krishnamurthy was appointed as an Additional Director w.e.f. 29th September, 2006. He was also appointed as a member of the Audit Committee and Remuneration Committee of the Board of Directors. Mr. Krishnamurthy shall vacate his office as Additional Director at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. P. K. Kheruka and Mr. A. C. Dalal retire by rotation and, being eligible, offer themselves for reappointment.

Management Discussion and Analysis Report

A. Industry Structure and Developments

The Company is the sole manufacturer in India of low expansion borosilicate glass which it uses to manufacture a wide variety of scientific, industrial, lighting, pharmaceutical and consumerware glass items.

The Company supplies tubing and other products which are used by the small scale down stream processing units to manufacture various finished products like burettes, pipettes, flasks, condensers, ground joints, extractors etc. The entire Research and Development, Industry, Education and Health segments of the market are major users of scientific and industrial products, whereas consumerware items cater to the need of the household sector.

B. Opportunities and Threats

- Opportunities

- Scientific and Industrial Product Division caters to both Public and Private Sector undertakings. Whereas the growth in Public Sector is limited, Private Sector is showing sign of faster growth, particularly in the Research & Development, Pharma & Biotech segments. This should help Company in increasing its presence in these areas.
- In view of growing disposable income, particularly among the middle class in India, there is continuous scope of growth in consumerware items marketed by the Company, mainly drinking glasses and microwave glassware, which the Company will continue to tap, thereby strengthening its position in marketing these products.

- Threats

- Growing difficulty in continuing with operations at company's existing manufacturing location at Marol. Prices of electricity have been raised unilaterally by about 70% with effect from mid-April 2007. The supply of natural gas continues to remain very erratic, and is subject to significant cuts of upto 50% from time to time.