

46th Annual Report 2008-2009

BOROSIL



BOROSIL GLASS WORKS LTD.

BOROSIL

BOARD OF DIRECTORS

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

REGISTERED OFFICE

Khanna Construction House,
44, Dr. R. G. Thadani Marg, Worli, Mumbai - 400 018.
☎ : 6740 6300

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.
☎ : 2820 7203 / 2820 7204 / 2820 7205

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NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Members of Borosil Glass Works Limited will be held at Sasmira Auditorium, 3rd Floor, Sasmira Marg, Dr. Annie Besant Road, Worli, Mumbai-400 030 on Saturday, 22nd August, 2009 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2009 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. V. Ramaswami 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 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

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions 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 re-appointment of Mr. V. Ramaswami, as Whole Time Director of the Company, for a period of 3(three years) with effect from 1st September, 2009 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Mr. V. Ramaswami, a draft whereof is placed before this meeting which agreement is hereby specifically sanctioned with 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 Companies Act, 1956, or otherwise as permissible at law for the time being in force.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the tenure of his service as Whole Time Director, Mr.V.Ramaswami shall be paid the remuneration as set out in the Explanatory Statement as 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 such steps as may be necessary, proper or expedient to give 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 (hereinafter called "the Board" and which term shall be deemed to include any Committee, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to hypothecate, mortgage, charge and/or in any other way encumber all or any of the movable and immovable assets of the Company both present and future whatsoever and wheresoever situated, and the whole or any part of the undertaking of the Company, to or in favour of Bank of Baroda (BOB) and Union Bank of India (UBI), to secure repayment to the Company, of:

- i. Short Term Loan for VRS of Rs. 30 crores granted by BOB
- ii. Rupee Term Loan of Rs. 30 crores granted by BOB
- iii. Rupee Term Loan of Rs. 23 crores to be granted by UBI

together with all interest at the respective agreed rate, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to Banks in terms of their Loan Agreements, Hypothecation Agreements, Letters of Sanction, Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of any and all the said loans/facilities."

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7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the Resolution passed at the Extra-ordinary General Meeting of the Company held on 12th September, 1995, the consent of the Company be and is hereby accorded pursuant to 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 money to be 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 share 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.120 crores at any time."

By Order of the Board

Place: Mumbai
Date: 30th June, 2009

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.5 to 7 as set out above, and the relevant detail in respect of Items Nos. 2 & 3 set out above pursuant to Clause 49 of the Listing Agreement 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 14th August, 2009 to 22nd August, 2009 (both days inclusive).
- (4) 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.
- (5) 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. V. Ramaswami | Mr. P. K. Kheruka |
|---|---|--|
| Date of Birth | 1st April, 1958 | 23rd July, 1951 |
| Qualification | B.Sc., B.Tech., DBAFM | B.Com. |
| Date of Appointment | 17th August, 2005 | 24th November, 1988 |
| Expertise in Specific Functional Area | Over 28 years experience in various industries. | Over 37 years experience, particularly in the glass industry. |
| List of other Indian Public Limited Companies in which Directorship held | — | Gujarat Borosil Limited Gujarat Fusion Glass Limited General Magnets Limited Window Glass Limited Borosil International Limited |
| Chairman / Member of the Board Committees of other Public Limited Companies | — | Share Transfer & Investor Grievance Committee - Gujarat Borosil Limited - Chairman Audit Committee - Gujarat Borosil Limited - Member |
| No. of shares held by them as on 30.06.2009 | — | 76415 |

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ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Board of Directors had appointed Mr. V. Ramaswami as Whole Time Director for a period of 3 years with effect from 1st September 2006, on the terms and conditions as set out in the Agreement between the Company and Mr. V. Ramaswami, (hereinafter referred to as "Mr. Ramaswami") for a period of 3 years. The Board of Directors has at its meeting held on 30th June, 2009 decided to re-appoint Mr. Ramaswami for a further period of 3 years on the terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. Ramaswami.

The re-appointment of Mr. Ramaswami is subject to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act.

The broad particulars of remuneration payable to and the terms of re-appointment of Mr. Ramaswami are as under:-

I. REMUNERATION

- | | | |
|---|---|---|
| a) Salary | : | Rs.1,40,000/- p.m. in the scale of Rs.1,40,000/- p.m. to Rs.2,00,000/-p.m. 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/- p.a. |
| v) Personal Accident Insurance | : | Personal Accident Insurance Policy of such amount, the premium of which shall not exceed Rs.10,000/- p.a. |
| vi) Leave Travel Assistance | : | For Mr. Ramaswami and his family, once in a year, incurred in accordance with the rules of the Company. |
| vii) Mr. Ramaswami will be provided with a Company maintained car with Driver or will be reimbursed expenses thereof. | : | |
| 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. 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. These shall not be included in the computation of limits for the remuneration or perquisites aforesaid. | : | |
| x) Leave | : | |
| Leave with full pay or encashment thereof as per the Rules of the Company. | : | |
| xi) Mr. 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(s) during the tenure of Mr. 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:

- a. The Agreement may be terminated by either party by giving three months' notice in writing.
- b. Mr. Ramaswami, as long as he functions as Whole Time Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company without prior approval of the Central Government.

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 type of glassware | | |
| (2) Date of commencement of commercial production | : | 14th December, 1962 | | |
| (3) Financial Performance | : | 2006-07 | 2007-08 | 2008-09 |
| Gross Sales | : | 7371.45 | 7757.49 | 7127.11 |
| Profit before Tax | : | 1319.15* | 86.02 | (937.28)** |
| Net Profit/ (Loss) | : | 1102.58* | 53.59 | (940.84)** |

* includes Extra ordinary item(profit) to the extent of Rs.666.83 lacs

** includes Extra ordinary item(loss) to the extent of Rs.500 lacs

(Rs. in lacs)

| | | | | |
|--|---|--|--------|--------|
| (4) Export performance and net Foreign Exchange Earnings | : | 665.48 | 436.09 | 328.02 |
| (5) Foreign investments or Collaborators, if any | : | Foreign institutional investors (FII's) and foreign citizens hold 14.26% Equity Shares of the Company. | | |

II. Information about the appointee

- (1) Background details : Mr. V. Ramaswami's qualifications include B.SC., B.Tech and Diploma in Business Administration & Financial Management. Moreover, he has over 28 years experience in various industries. He had been associated with Gujarat Borosil Limited for over 14 years before joining this company.
- (2) Past remuneration :
 - a) Salary: Rs.1,00,000/- p.m. in the scale of Rs.70,000/- p.m. to Rs.1,00,000/- p.m.
 - 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 covered by the Company's medical insurance scheme.
 - iv) Club fees: At actuals subject to a ceiling of Rs.7,200/- p.a.

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- v) Personal Accident Insurance: Personal Accident Insurance Policy of such amount, premium of which not exceeded Rs.10,000/- p. a.
- vi) Company maintained car with Driver.
- vii) Phone rental and call charges paid by the Company at actuals for telephone at the residence/mobile phone. Charges for personal STD/Trunk Calls borne by Mr. Ramaswami.
- viii) Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of his tenure, payable as per rules of the Company.
- ix) Leave with full pay or encashment thereof as per the Rules of the Company.
- x) Reimbursement of actual entertainment and travelling expenses incurred by him for business purposes.

(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, for implementation of new projects, subject to direction, superintendence and control of the Board of Directors and Managing Director.

(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 / indirectly with the Company or with the Managerial Personnel, if any : None

III. Other Information

(1) Reasons of loss or inadequate profits :

1. High operational cost particularly increases in energy cost.
2. Although the Company shifted its Cold-end activities to Bharuch District of Gujarat in April'08, the workers did not join their duties there with the result that the Company outsourced the work to another Company and during the interregnum period, the production suffered a major set back.
3. Ageing of furnace at Marol, which reduced selection level there substantially.
4. The Company had in the year 2004 entered into a Development Right Agreement with a party, which was cancelled due to non-availability of certain permissions and therefore, the party cancelled the deal and asked for refund of their advance and liquidated damages of Rs.10.00 crores. The matter was referred to Arbitration and the Arbitrator awarded Rs.5.00 crores as damages.

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- | | | |
|--|---|--|
| (2) Steps taken or proposed to be taken for improvement | : | The Company has decided to set up a modern borosilicate glass melting furnace at a site in the Bharuch District of Gujarat. |
| (3) Expected increase in the productivity and profit in measurable terms | : | The new plant, once in operation is expected to result in improved quality, higher yield and saving in fuel cost which will result in increase in the profitability. |

The Directors recommend passing of the Resolution contained at item no.5 of the accompanying Notice as a Special Resolution.

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

A copy of the draft Agreement to be entered into between the Company and Mr. Ramaswami 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.

Abstract of Terms and Conditions of Appointment and Memorandum of Interest under Section 302

The contents of item 5 of the Explanatory Statement set out above shall be deemed to be an abstract of the terms and conditions of re-appointment of Mr. Ramaswami under Section 302 of the Companies Act, 1956 and the Memorandum of interest in that behalf.

Item No. 6

Bank of Baroda has sanctioned Short Term Loan for Voluntary Retirement Scheme (VRS) of Rs.30 crores and Rupee Term Loan of Rs.30 crores and a Rupee Term Loan of Rs.23 crores is likely to be sanctioned by Union Bank of India.

In order to create mortgage/charge in respect of the above loans over assets of the Company, it is desirable to obtain the approval of the members of the Company under Section 293(1)(a) of the Companies Act, 1956.

Your Directors recommend passing of the resolution set out at item no. 6 of the notice.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 7

The shareholders had, at the Annual General Meeting of the Company held on 12th September, 1995, authorised the Directors of the Company to borrow monies not exceeding in the aggregate, Rs.60 crores. In order to meet the capital investment requirements for the new project and the outgo on account of the Voluntary Retirement Scheme(VRS) offered to the workmen of the Company, it may be necessary for the Company to borrow in excess of existing limit of Rs.60 crores. Your approval is, therefore, sought pursuant to Section 293(1)(d) of the Companies Act, 1956 to increase the borrowing limit which shall not exceed the aggregate of the paid-up capital and free reserves, by more than Rs.120 crores.

Your Directors recommend passing of the resolution set out at item no. 7 of the notice.

None of the Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board

C. Baptista
Company Secretary

Place: Mumbai
Date: 30th June, 2009

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

FIVE YEAR FINANCIAL HIGHLIGHTS

| | | 2008-2009 | 2007-2008 | 2006-2007 | 2005-2006 | 2004-2005 |
|--|------------|-----------|-----------|-----------|-----------|-----------|
| Net Sales | (Rs. lacs) | 6698.77 | 7161.55 | 6825.95 | 6494.7 | 5845.21 |
| Profit Before Tax | (Rs. lacs) | (937.28) | 86.02 | 1319.15 | 575.44 | 98.08 |
| Profit/(Loss) Before Tax as % on Sales | | (13.99) | 1.20 | 19.33 | 8.86 | 1.68 |
| Provision for Taxation (including Deferred Tax credit of Rs. 21.91 lacs; Previous Year Rs.102.78 lacs) | (Rs. lacs) | 3.56 | 32.43 | 216.57 | 174.41 | (134.33) |
| Profit/(Loss) After Tax | (Rs. lacs) | (940.84) | 53.59 | 1102.58 | 401.03 | 232.41 |
| Profit/(Loss) After Tax as % on Sales | | (14.04) | 0.75 | 16.15 | 6.17 | 3.98 |
| Dividend | (%) | — | — | 30.00 | 20.00 | 10.00 |
| Net Earnings per Share | (Rs.) | (24.37) | 1.49 | 32.12 | 11.12 | 6.78 |
| Shareholders' Funds | (Rs. lacs) | 6238.27 | 6196.27 | 6142.68 | 4715.46 | 4392.96 |
| Book Value per Share | (Rs.) | 157.38 | 171.71 | 170.23 | 137.51 | 128.11 |
| Return on Investment | (%) | (6.24) | 3.84 | 15.04 | 9.30 | 6.86 |

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DIRECTORS' REPORT

Your Directors present their Forty Sixth Annual Report and the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

| | (Rupees in lacs) | |
|--|-----------------------|-----------------------|
| | Year ended 31.03.2009 | Year ended 31.03.2008 |
| Gross Sales (Including Excise Duty) | 7127.11 | 7757.49 |
| Other Income | 181.25 | 245.48 |
| Profit for the year before Interest, Depreciation and Extra Ordinary Items | 288.70 | 795.66 |
| Less: Interest | 392.78 | 315.71 |
| Less: Depreciation | 333.20 | 393.93 |
| Extra Ordinary Items (Net) | (500.00) | - |
| Profit/(Loss) for the year before tax | (937.28) | 86.02 |
| Less: Provision for Income Tax | -- | 110.24 |
| Less: Provision for Wealth Tax | 0.24 | 0.29 |
| Less: Provision for Fringe Benefit Tax | 25.23 | 24.68 |
| Less: Deferred Tax (Credit) | (21.91) | (102.78) |
| Profit/(Loss) for the year | (940.84) | 53.59 |
| Add: Balance as per last year | 2283.22 | 2229.63 |
| Amount available for Appropriation | 1342.38 | 2283.22 |
| Appropriation | | |
| Balance carried to Balance Sheet | 1342.38 | 2283.22 |

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2009 in view of loss incurred during the year and to conserve resources.

PERFORMANCE

During the year, the Company transferred its Cold-end workers to its new location at Bharuch District in Gujarat, owing to several reasons, including high energy and other operational costs at Marol, Mumbai. These transfers were challenged by the Workers' Union before the Courts. Subsequent to 31.03.2009, the Company has amicably resolved the dispute and signed a settlement with them. In the month of May, 2009, a Voluntary Retirement Scheme (VRS) has been offered to all its workmen at Marol plant, Mumbai which has been accepted and fully implemented. The Union has withdrawn from courts all legal cases filed against the Company.

The Company's furnace at Marol plant, Mumbai has completed its useful life and has been cooled down. All production activities have also been suspended at the above place. The Company has decided to set up a modern borosilicate glass melting furnace at a site in the Bharuch District of Gujarat and till this new plant is completed, market demand will be catered to from its existing stock as well as from imports. The sales during the year under review were lower at Rs.7127.11 lacs as compared to Rs.7757.49 lacs in the previous year. During the year, the Company incurred loss of Rs.940.84 lacs as compared to profit of Rs.53.59 lacs during the previous year.

The reasons for losses are attributed to the following factors:

1. High operational cost particularly increases in energy cost. Electricity price further rose by about 10% from June 2008.
2. Although the Company shifted its Cold-end activities to Bharuch District of Gujarat in April'08, the workers did not join their duties there with the result that the Company outsourced the work to another Company and during the interregnum period, the production suffered a major set back.
3. Owing to ageing of furnace at Marol, the selection level there reduced substantially.