DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the Twenty-Ninth Annual Report together with the Audited Financial Statements for the year ended March 31, 2018.

Financial Highlights

The highlights of the financial results of the Company for the financial year 2017-18 are as follows:

(Rs. in Lacs)

	Year Ended 31.03.2018	Year Ended 31.03.2017
Revenue from operations	**19981**	18833
Other Income*	**350**	723
Profit before finance cost, depreciation, exceptional items and tax	**3908**	4786
Finance cost	**1377**	1108
Depreciation	**1668**	1439
Exceptional items- Income/(Expenditure)**	**(195)**	-
Net Profit before tax	**668**	2239
Provision for Taxation/MAT/Earlier year Tax	**31**	(3)
Provision for deferred tax liability /(Asset) ***	**(55)**	814
Other Comprehensive income	**4**	(17)
Total Comprehensive Income	**696**	1412
Add: Balance brought forward from last year	**(1781)**	(3209)
Balance carried to Balance Sheet	**(1089)**	(1781)

*Other Income in the previous year included refund of Rs.559 lacs towards revision in the rates of gas transportation charges for the period from November 2008 to March 2016 pursuant to recommendation made by the Petroleum and Natural Gas Regulatory Board.

**Exceptional items for the quarter and year ended 31st March, 2018 represent loss on sale of Captive Power Plant.

***Reduction in income tax rate by the Finance Bill, 2018 has resulted into reversal of deferred tax liability earlier recognised, accordingly there are tax credits in the year ended 31st March, 2018.

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2018 on both Equity and 9% Non-Cumulative Non-Convertible Redeemable Preference Shares, in view of carry forward losses and in order to conserve resources for the ongoing capital expenditure project to expand production capacity.

TRANSFER OF SHARES/ DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Company has transferred 22,72,014 Equity Shares of Rs.5/- each held in 17,182 records in respect of which dividend (2008-09) have not been claimed by the shareholders for a period of more than seven years, to the Demat Account of the IEPF Authority, the details of records are as under:

a. Physical - 16239 records, 2107049 equity shares

b. CDSL - 239 records, 42850 equity shares

c. NSDL - 704 records, 122115 equity shares

However, Shareholder can claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Demat Account, by making an application in Form IEPF-5 online on the website www.iepf.gov.in and by complying with requisite procedure.

SHARE CAPITAL

The paid up Share Capital comprises of 6,82,07,500 Equity shares of Rs.5/- each and 90,00,000 – 9% Non-Cumulative Non-Convertible Redeemable Preference shares of Rs.100/- each. The Preference Shareholder had acquired voting rights due to non-payment of dividend for more than two years. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. However, the Board of Directors of the Company in its meeting held on March 30, 2018 has approved **Gujarat Borosil Employee Stock Option Scheme, 2018 ("ESOS 2018"),** subject to approval of the members.

During the year under review, the Company has made an amendment in the Memorandum and Articles of Association of the Company, by classification of existing unissued unclassified share capital to the extent of Rs.4,00,00,000/- (Rupees Four crores) into 80,00,000 equity shares of Rs.5/- each **and** Increased Authorised Share capital to Rs.150,00,00,000 (Rupees One hundred fifty crores) divided into 12,00,00,000 (Twelve crores) equity shares of Rs.5/- each and 90,00,000 (Ninety lacs) Preference shares of Rs.100/- each (Rupees Hundred) each.

VARIATION IN TERMS OF PREFERENCE SHARES

The Board of Directors of the Company in its meeting held on June 18, 2018 accorded their consent to vary the rights, terms and conditions of the preference shares to the extent and manner given below, subject to requisite approvals:

1. The period of redemption of 90,00,000 9% Non-Cumulative Non-Convertible Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred only) each shall be extended for a further period of 3 (Three) years. The aforesaid preference shares shall be now due for redemption on March 15, 2022;
2. Undeclared cumulative dividend on this Preference shares shall be payable as and when declared by the Company or otherwise, at the time of redemption and
3. All other terms and conditions associated with the aforesaid preference shares shall remain same.

CHANGE IN PLACE OF REGISTERED OFFICE

The Board of Directors of the Company in its meeting held on June 18, 2018 accorded their consent to shift the Registered Office of the Company from "State of Gujarat" to the "State of Maharashtra" and approved consequent amendment of Clause-II of the Memorandum of Association of the Company, subject to requisite approvals.

STATE OF AFFAIRS/ PERFORMANCE

Revenue during the year under review grew by 6% from Rs.18,833 Lakhs achieved in the previous year to Rs 19,981 Lakhs during FY18. This was enabled by increasing the proportion of revenue from tempered solar glass. During the year from July 2017 the Company expanded its tempering capacity for solar glass by adding a new state-of-the-art tempering line from a leading European supplier of tempering equipment. The new line was inaugurated and dedicated to the Nation by Padma Vibhushan Dr. R. Chidambaram, Principal Scientific advisor, Government of India, on the 10th of October 2017. The company now has tempering capacity in excess of its solar glass production capacity.

The said tempering line has given the Company the added capability to temper thinner glass from 2 mm thickness to 3 mm as against only with a minimum thickness of 3.2 mm hitherto. There is a growing demand for Glass-to-glass modules, which requires fully tempered 2 mm glass sheets. A fully tempered 2 mm glass qualifies as a safety glass too. It is certified to conform to European standard EN 12150-1 for Fragmentation and Mechanical strength parameters for roof top applications unlike a heat strengthened glass.

Owing to its cost effectiveness due to long-term performance durability and low weight of the structure and frameless design, the emerging 2mm textured solar glass segment in the Photovoltaic solar market is expected to grow multifold in the near future. Gujarat Borosil has become the first in the world to have achieved the distinction of producing fully tempered 2mm textured solar glass using the thermal tempering process. The Company has already sent its first shipments of this product against orders from its European customers. With the commissioning of this new line, the Company's tempering capacity has nearly doubled. Moreover, it has added capability to offer solar glass in intermediate thicknesses, e.g. 2.8mm and 2.5mm which will allow manufacturers to make completely new, lighter and more efficient photo voltaic modules. The Company expects to be able to cater to the growing demand for new products within the overall ecospace of Solar Tempered glass.

Owing to enhancement of tempering capacity, sales of solar tempered glass grew by 25% As the company executed its strategic shift towards higher production of solar glass, sales of patterned glass which is also done by using the same glass production facility to maximize capacity utilization, had to be curtailed.

Exports (other than to customers in SEZ) during the year under review were higher at Rs. 3,632 lacs as compared to Rs. 2,610 lacs during the previous year. Exports to customers in SEZ were lower at Rs. 628 lacs as against Rs.1,713 lacs during the previous year.

Pressure from low selling prices of solar glass from China and Malaysia contributed to a decline in sales prices of the company's products during FY18.

The Company has executed a number of initiatives in order to compete with the threat of Chinese & Malaysian dumping, Firstly, on the cost front, with various R & D efforts, the Company has successfully reduced cost of raw materials consumed. This includes lower consumption of sodium antimonate and savings through imports of soda ash. On the energy front, as per internal information, the Company is already more efficient then its international competitors. However, the cost /unit of electricity is higher at the Company's manufacturing location. The Company has started to purchase open access power in order to reduce per unit cost of power. The Company also has begun to dispatch goods without using packing materials, in order to save cost and be more environmentally concerned by way of using less wood.

Secondly, the Company also is adding value to the customers by innovating new products like 2 mm fully tempered glass. This glass makes the solar module more efficient and can be used in bifacial modules, thereby increasing efficiency by over 25% as well as increasing the life of the module from 25 to 40 years. Our R &D efforts have made us the first in the world to offer this product. Such new product development initiatives will further allow us to meet the threat of Chinese & Malaysian dumping.

Profit before finance cost, depreciation, exceptional items and tax during FY18 was at Rs. 3,908 Lacs as compared to Rs. 4,786 Lacs (which included a one-time refund of Rs. 559 lacs from GAIL for 2008 to 2016) in the previous year. The net decline was contributed by production loss due to temporary suspension of production, undertaken to carry out hot running repairs to the furnace, and trials to manufacture 2mm fully tempered glass during FY18 and continued pressure on selling prices.

Higher finance cost and additional depreciation of Rs. 498 lacs on account of the new tempering line coupled with reasons mentioned above, resulted in a decline in profit before tax during FY18 to Rs. 668 lacs as against Rs. 2,239 lacs (which included a one-time refund of Rs. 559 lacs from GAIL for 2008 to 2016) in the previous year.

Your company was successful in its application for imposition of anti-dumping duty on imports of dumped solar glass from China effective from 18th August, 2017 for a period of 5 years. During the year 2017-18 imports of tempered solar glass from Malaysia have burgeoned following the installation of a large new plant there. Prices offered from this plant are even lower than imports from China. Imports from Malaysia contributed almost 45% of the total imports in the country. Based on an application by your company, the government has initiated an investigation into the imports of solar glass from Malaysia. A positive decision by the government will create a growth environment for domestic production.

Imports of solar tempered glass have risen considerably over last 3 years and are now 250% of the supplies from the Company. There exists significant scope for selling additional capacity based on the existing domestic production of solar photovoltaic modules. Meanwhile, the solar cell and module manufacturers are trying to get safeguard and anti-dumping duties levied on imports of solar cells and modules. Based on the current climate favoring domestic production of solar manufacturing, it is expected that a level playing field will become available to Indian manufacturers. This will boost domestic manufacturing of modules and expand the demand for solar glass.

In view of all these factors, the Company is setting up a new furnace with tempering facility of 210 TPD at the existing location. The additional capacity is tentatively expected to be in production by the 2nd quarter of 2019-20.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Some statements in this discussion pertaining to projections, estimates, exceptions or outlook may be forward looking. Actual results may however differ materially from those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, currency exchange rates and interest rate movements, impact of competing products and their pricing, product demand and supply constraints within India and other countries where the Company conducts business. Estimates made with regard to market size of various segments and their respective rates of growth are internal estimates made by the management.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in production of low iron solar glass for application in the solar power sector. Until 2011 the Solar PV market was concentrated mainly in developed economies. However, since then China has risen rapidly to become the dominant player in both manufacturing and installations. This has also led to flooding of international markets with highly subsidized components including solar glass, cells and photo voltaic modules by China. In 2011, the Government of India had announced a target of installing of 20 GW of solar power by 2020. In 2014 the new government has imparted enormous momentum to the solar sector by setting a target of installation of 100 Giga Watt (GW) by the year 2022. Besides grid connected installations, the program gives huge emphasis on the irrigation sector by promoting the use of solar powered pumps and by encouraging off-grid roof-top and standalone solar power solutions.

In 2017 global solar PV installations exceeded a record breaking 100 GW of which China alone accounted for about 53 GW. The market is experiencing exponential growth.

During the calendar year 2017 solar installations of 9.6 GW were added in new large-scale grid and rooftop solar capacity, which was more than double the installations of 4.3 GW in 2016. This robust growth boosted the country's total installed capacity to 19.6 GW as of December 2017.

Rooftop installations grew by 56 % year-on-year with cumulative installations totaling nearly 1.6 GW as of December 31, 2017.

The program would also contribute to the development of a market for solar rooftop financing to meet the government of India's ambitious target of achieving 40 GW of rooftop solar power by 2022.

With projected growth, India will soon become the 2nd largest market for new installations. However, the domestic manufacturing sector still awaits the necessary support from the government, as cheap imports continue to take a lion's share in the installations on price considerations due to reverse bidding mechanism. The Government needs to take suitable policy initiatives and create the eco system necessary to promote serious investment in the domestic manufacturing of all the solar components, which will assure energy security to the nation besides generating large scale employment and potentially conserve US$ 45 billion worth of foreign exchange.

The Company continues with its plans to produce limited quantity of premium quality patterned glass to maintain its presence in the architectural glass market. This limited quantity of patterned glass in exclusive designs is made for architectural applications largely catering to shower cubicles, partitions and tabletops, etc.

B. OPPORTUNITIES & THREATS

OPPORTUNITIES

The Company remains the only producer of solar glass in the country and enjoys widespread acceptance of its product. It constantly evaluates avenues for growth in this sector in both domestic and export markets. In the domestic market, its natural advantage of offering a shorter lead time to module manufacturers works favourably in helping it to secure business.

Despite concerns about weak power demand growth and growing incidence of grid curtailment, the solar power outlook in India remains very strong;

Solar accounted for approximately 45 % of all new generation capacity added in India during 2017. This robust installation activity also made solar the single largest source of new power capacity additions in 2017.

India's pipeline of utility-scale projects under development stood at approximately 10.6 GW at year-end 2017, with another 4.3 GW of tenders pending auction.

The Government is working on various proposals to boost domestic manufacturing of solar modules and components. Solar Energy Corporation of India (SECI) has invited Expressions of Interest from prospective project developers to set up 5 GW of solar PV projects in a phased manner during the next three years. The manufacturing capacity will be linked to inter-state transmission system (ISTS)-connected solar photovoltaic (PV) projects for an aggregate capacity of 10 GW. SECI will enter into power purchase agreement (PPA) with the successful bidders for purchase of solar power for a period of 25 years.

For the manufacturing unit, the manufacturer can use any technology for producing modules, provided that the materials used in the process are produced domestically. The only major raw material that can be imported is polysilicon. The manufacturing unit must be developed over a three-year period from date of award.

This is the first step towards making India's solar supply chain strong.

The Director General Safeguard Duties has recommended levy of safeguard duty on imports of solar cells and modules. However a final decision is yet to be taken. The solar cell and module producers are also seeking imposition of anti-dumping duties. These measures once taken will create substantial demand for solar components, including glass.

In view of growth in the sector, the domestic module manufacturing is growing. This will need higher supplies of solar glass. The glass imports have risen to almost 275 TPD as against current supply of 125 TPD by the Company. This provides huge opportunity to the Company to tap this demand.

Gujarat Borosil's thinner fully tempered solar glass (2 mm) coupled with a frameless module design is the most befitting product for Rooftop application owing to its low weight and long-term performance durability. The fully tempered 2 mm solar glass is a niche product and can provide substantial upside in operational performance going forward.

THREATS

- Government policies to provide solar power at cheapest price and the methods like reverse bidding for power projects has led to possibilities of compromise on quality and long-term aspects. This has been keeping the manufacturers of components away from taking up expansion plans. However, the indications are that the solar power rates have now bottomed out and are in fact slightly rising.

  The uncertainty prevailing due to petition filed for imposing safeguard and anti-dumping duty on Imported solar cells & modules and a 7.5% port duty on imported modules has resulted in a set back in solar PV installations in 2018 leading to lowering of the targets. The air on 7.5% duty is cleared after the port duty is nullified. The Ministry of New and Renewable Energy (MNRE) of the Government of India has recently clarified that the safeguard duty will be a pass through which should lead the concerns to rest. However, these measures can still be subjected to scrutiny by international agencies like WTO.

- Compared to 2016, imports of solar cells and modules into India in 2017 grew by 47%. India continues to meet the demand for Cells and modules to the extent of 87% by imports largely from China, Taiwan and Malaysia. Recently USA has announced safeguard duties on imports of solar cells and modules from China and many other countries. This may lead to these geographies increasing their focus on targeting the Indian market in an even bigger way, which may lead to higher imports. This may affect domestic manufacturing of solar modules and adversely impact solar glass demand and /or put pressure on selling prices.

- Currently China is installing solar capacities for which a significantly large portion of their huge production capacities of solar components gets utilized. In the event of a slowdown in their domestic installations for solar PV, the Chinese producers can further impact the other markets in terms of both volumes and prices. Solar glass is a continuous process industry and any abrupt change in Government policies to cut the targets can result into surplus capacity for glass. This may cause severe pressure on the selling prices of glass and adversely affect the profitability.

- China as the World's largest PV glass producer accounts for over 90% of the total solar glass capacity. The Chinese producers are setting up manufacturing plants in Vietnam and Malaysia to cater to South East Asian, Indian, European and Japanese customers. One plant of 900 Tons per day PV glass manufacturing has commenced in Malaysia in the beginning of 2017. A significant portion of solar glass imports now originate from Malaysia at a price even lower than the Chinese imported prices. There are two more plants in the pipeline which are likely to come up in 2018 and 2019 respectively in Malaysia with a capacity of 1000 MT/day each. Also, the plant in Vietnam with another 1000 MT/day is expected to be commissioned by end of 2018. Thus glass availability is increasing rapidly and this could lead to subdued prices unless old inefficient plants keep closing and suitable duty measures are put in place by Indian authorities in a timely fashion. The Company's application for levy of a suitable anti-dumping duty levy on solar glass imports from Malaysia needs to be positively disposed of at the earliest.

- Module producers based in SEZ zones in the country continue to clear the modules in domestic tariff area without bearing any anti-dumping duties on solar glass. This is a big anomaly in the policy which needs to be corrected for a healthy competition in the Module manufacturing industry.

C. SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The Company's business activity falls within a single primary business segment viz. Manufacture of Flat glass. As such, there are no separate reportable segments as per Indian Accounting Standard 108**.**

The Segment Revenue in the Geographical Segment considered for disclosure are as follows:

i) Revenue within India includes sales to customers located within India excluding SEZ and EOU.

ii) Revenue outside India includes sales to customers located outside India including to SEZ/EOU and Export Benefits / Incentives

Sales:	**2017-18 (Rs. In lacs)**	**2016-17 (Rs. In Lacs)**
Within India	15,721	14,510
Outside India	4,260	4,323
TOTAL	**19,981**	**18,833**

D. OUTLOOK

The growth of solar energy in the Country has gained momentum which will require huge quantity of solar glass. The Government plans to set up 100 GW of solar power installations by 2022. The action on the ground has speeded up and all the sectors i.e. Grid power, Rooftop and Solar water pumps are showing good growth. The Government has recently announced that all the villages now have electricity and now plans to ensure electricity for each household. The agencies like SECI are creating enough demand pipeline visibility and auctions are being held much in advance.

The solar energy produced will reduce pressure on natural resources besides being non-polluting and environment friendly and will lead to saving in the Oil import bill. It is expected that a very significant portion of new power installations will come from renewables led by solar. As the only domestic manufacturer of solar glass, your Company expects to participate in and benefit from the extremely strong growth potential for the solar sector.

E. RISK AND CONCERNS

The Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets.

The Government approvals for land and readiness of power distribution companies to evacuate power needs to be focused in order to achieve ambitious growth plans to produce solar energy. The continued pressure to quote lower prices for electricity in the biddings to get Government allocations is leading to lower prices for input/component manufacturers thereby making them vulnerable, which could affect the health of the Industry.

There are huge imports of Modules from various countries and imports of Solar glass from China/Malaysia in view of huge capacities created by these countries in most cases incentivized in many ways. The import of modules reduces the demand for components. The absence of a suitable import duty structure impacts the incentive for taking up domestic production.

There is a need to create a domestic manufacturing policy and a road map in this strategically important industry. It is expected that a manufacturing policy for solar to develop entire eco-system will be framed sooner than later thereby paving the way for robust growth and achievement of plans.

F. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Control Systems commensurate with its size and nature of business. All transactions are properly authorized, recorded and reported to the management. The internal control systems are designed to ensure that the financial statements are prepared based on reliable information. Internal Audits are continuously conducted by an in-house Internal Audit department of the Company and Internal Audit Reports are reviewed by the Audit Committee of the Board periodically.

G. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The operational performance during the year improved as record production of solar glass and sales was achieved. The EBIDTA margins dropped to 19% as against 24% in the previous year. The decline in profitability was primarily due to a drop in selling prices on some short-term contacts to sell additional production from the expanded tempered glass capacity and to counter cheap imports of solar glass from China and Malaysia. In addition, the Company incurred higher expenses and production loss due to a planned hot repair of furnace to maintain its life and trials of the new 2mm thinner glass.

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

The industrial relations continued to be cordial.

Number of people employed as on 31st March, 2018 were as under:

Staff	:	222
Workers	:	159 (Excluding contract labour)

The Company has effective HR systems to make the performance appraisals and working more transparent. Greater operational and financial details are shared with the management cadre with a view to having their deeper involvement and for development of human resources. In order to align senior management focus with long-term shareholder objectives, the Board of Directors of the Company in its meeting held on March 30, 2018, approved **Gujarat Borosil Employee Stock Option Scheme, 2018 (“ESOS 2018”),** subject to approval of the members.

CORPORATE GOVERNANCE

As required by Regulation 34 read with schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance is appended along-with a Certificate of Compliance from the Auditors.

SCHEME OF AMALGAMATION AND ARRANGEMENT:

The Board of Directors of the Company in its meeting held on June 18, 2018 approved Composite Scheme of Amalgamation and Arrangement. After examination of various aspects and business expediencies it was decided that Vyline Glass Works Limited (VGWL) and Fennel Investment and Finance Private Limited (FIFPL) and Gujarat Borosil Limited (GBL) will merge with Borosil Glass Works Limited (BGWL), holding Company AND thereafter existing businesses of BGWL (except liquid investments of Rs.125 crores and 7.95 hectares of land) alongwith business of VGWL, will demerge into Hopewell Tableware Private Limited (HTPL) which will be renamed to represent BGWL’s business. The present BGWL after demerger will be renamed to represent GBL’s Solar glass business.

The scheme would:

a) Result in simplification of the group structure by eliminating cross holdings.

b) Confer shares in each business to each existing shareholder of all the companies thereby giving them an opportunity to participate in both the businesses i.e. scientific & industrial products and consumer products businesses of BGWL and solar business of GBL. They will be able to decide whether to stay invested or monetize their investment in either of the businesses thereby unlocking value for the shareholders.

c) Enable each business to pursue growth opportunities and offer investment opportunities to potential investors.

d) Result in economies in business operations, provide optimal utilization of resources and greater administrative efficiencies.

BGWL is a holding Company of our Company and is engaged in the business of laboratory glassware, microwavable kitchenware and other consumerware items. Shareholders of GBL other than BGWL and FIFPL will receive shares in the ratio of 1:8 in existing BGWL as also 1:10 no of shares in HTPL (post demerger) against each share in BGWL.

VGWL, held (99.54%) by the promoters of BGWL, is in the business of manufacturing glass and glass products, which it supplies primarily to BGWL. Under the Scheme, Shareholders of VGWL will receive shares in the ratio of 100:162 in existing BGWL as also 1:10 no of shares in HTPL (post demerger) against each share in BGWL.

FIFPL is an associate company of BGWL and registered as a Non-Banking Financial Institution. It is held by BGWL and the promoters of BGWL. Shareholders of FIFPL other than BGWL and VGWL will receive shares in the ratio of 100:218 in existing BGWL as also 1:10 no of shares in HTPL (post demerger) against each share in BGWL.

HTPL is engaged in the business of manufacturing and marketing of opal tableware items and is presently a wholly owned subsidiary of BGWL.

BGWL shareholders, while retaining their existing holding, will also receive 1 share in HTPL (post-merger) against 10 shares held in BGWL. HTPL will be listed on BSE and NSE post completion of the Scheme.

The share exchange ratio has been arrived at as per a valuation report by SSPA & Co, Chartered Accountants. A fairness opinion has been provided by M/s Keynote Corporate Services Ltd.

The amalgamation will eliminate cross holdings among group companies and simplify the group structure. A key rationale is the reduction in related party transactions in the current operations. This Scheme will also make available a part of the funds required for impending expansion project of GBL.

Thus, under the aforesaid Scheme, shareholders of GBL, VGWL and FIFPL will get shares both in existing BGWL (which will be renamed) and in the existing HTPL (which will be renamed) after demerger of BGWL business (alongwith business of VGWL) into HTPL.

DEPOSITS

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding on the date of the Balance Sheet. There is no deposit which is not under compliance of Chapter V of Companies Act, 2013.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary Company.

The Company is an associate company of Fennel Investment and Finance Private Limited by virtue of their holding of more than 20% of the equity share capital in the Company.

The Company was an associate company of Borosil Glass Works Limited (BGWL) till May 06, 2018 by virtue of their holding of more than 20% of the equity share capital in the Company. However, in view of amendment of Section 2(87) of the Companies Act, 2013, which defines ‘Subsidiary Company’, the Company has become a subsidiary of BGWL effective May 07, 2018, as BGWL controls more than one-half of the total voting power.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has established a Whistle Blower (Vigil) Mechanism and formulated a Whistle Blower Policy to deal with instance of fraud and mismanagement. The details of the Policy are explained in the Corporate Governance Report, which form part of this Annual Report and also posted on the website of the Company at http://www.gujaratborosil.com/policies.html - click on Whistle Blower Policy

BOARD OF DIRECTORS, ITS MEETINGS, EVALUATION ETC.

Board Meetings:

During the year, five Board Meetings and four Audit Committee Meetings were convened and held. The details of these are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

Appointment/ re-appointment:

As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. P. K. Kheruka (DIN 00016909), Director of the Company will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

Mr. Rajesh Chaudhary (DIN 07425111) resigned as Whole Time Director of the Company with effect from March 31, 2018 and Mr. Ramaswami Velayudhan Pillai (DIN 00011024) has been appointed as Additional Director, Whole Time Director and Key Managerial Personnel of the Company with effect from April 01, 2018.

Brief details of the Director(s) being appointed/ reappointed have been incorporated in the Notice for the forthcoming Annual General Meeting.

Except as stated above, there is no other change in the composition of the Board of Directors and Key Managerial Personnel during the year under review.

Declaration by Independent Directors:

The Independent Directors have submitted the declaration of independence, as required pursuant to Section 149(7) of Companies Act, 2013, stating that they meet the Criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

Company's Policy on Directors Appointment and Remuneration etc.:

Under Section 178 of the Companies Act, 2013, the Company has prepared a policy on Director's appointment and Remuneration. The Company has also laid down criteria for determining qualifications, positive attributes and independence of a Director. Policy relating to remuneration for the Directors, Key Managerial Personnel and Other employees is attached herewith as an '**Annexure A**' to this Report.

The Company has formulated a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees. This is available on the website of the Company at http://www.gujaratborosil.com/policies.html - click on Remuneration Policy.

Familiarization Programme for Independent Directors:

A Familiarization programme was prepared by the Company about roles, rights and responsibilities of Independent Directors in the Company, nature of industry in which the Company operates, business model of the Company, about Secretarial Standard-Board & General Meeting, SEBI (LODR) Regulations, 2015 etc., which was presented to Independent Directors on November 13, 2017. The details of the above programme are available on the website of the Company at http://www.gujaratborosil.com/directors.html - click on Familiarization Programme for Independent Directors.

Formal Annual Evaluation:

In compliance with the Companies Act, 2013 and Regulations 17, 19 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board was carried out during the year under review.

The Formal Annual Evaluation has been made as follows:

1. **Manner of effective evaluation:**

   The Company has laid down evaluation criteria separately for the Board, Independent Directors, Directors other than Independent Directors and various committees of the Board in the form of questionnaire.

   Evaluation of Directors

   The criteria for evaluation of Directors (including the Chairman) include parameters such as willingness and commitment to fulfill duties including attendance in various meetings, high level of professional ethics, contribution during meetings and timely disclosure of all the notice/details required under various provisions of laws.

   Evaluation of Board and its various committees

   The criteria for evaluation of Board include whether Board meetings were held in time, all items which were required as per law or SEBI (LODR) Regulations, 2015 to be placed before the Board, have been placed, the same have been discussed and appropriate decisions were taken, adherence to legally prescribed composition and procedures, timely induction of additional/ women Directors and replacement of Board members/Committee members, whenever required, whether the Board regularly reviews the investors grievance redressal mechanism and related issues, Board facilitates the independent directors to perform their role effectively etc.

   The criteria for evaluation of committee include taking up roles and functions as per its terms of reference, independence of the committee, policies which are required to frame and properly monitored its implementation, whether the committee has sought necessary clarifications, information and explanations from management, internal and external auditors etc.

   Based on such criteria, the evaluation was done in a structured manner through peer consultation & discussion.

2. Evaluation of the Board was made by a Separate Meeting of Independent Directors held under Chairmanship of Mr. Ashok Kumar Doda, Lead Independent director (without attendance of non – Independent Director and members of management) on 30th March, 2018.

3. The performance evaluation of all committees namely:
    1. Audit Committee
    2. Nomination and Remuneration Committee
    3. Corporate Social Responsibility Committee
    4. Share Transfer Committee were done by the Board of Directors at its meeting held on 30th March, 2018.

    However, performance evaluation of Stakeholders Relationship Committee was done on May 10, 2018.
4. Performance evaluation of non – Independent Directors namely Mr. B. L. Kheruka, Mr. P. K. Kheruka, Mr. Ashok Jain and Mr. Rajesh Chaudhary was done at a Separate meeting of Independent Directors.
5. Evaluation of Independent Directors namely Mr. Shashi Kumar Mehra, Mr. Jagdish M. Joshi and Mr. Ashok Kumar Doda and Mrs. Shalini Kamath was done (excluding the Director who was evaluated) by the Board of Directors of the Company at its meeting held on 30th March, 2018.
6. In addition, the Nomination and Remuneration Committee has carried out evaluation of every Director's performance at its meeting held on 30th March, 2018 as required under Section 178 (2) of Companies Act, 2013.
7. The Directors expressed their satisfaction with the evaluation process. Performance evaluation of Board/ Independent Directors/ Committees was found satisfactory.

AUDIT COMMITTEE:

The details pertaining to the composition, terms of reference and other details of the Audit Committee of the Board of Directors of your Company and the meetings thereof held during the financial year are given in the Report on Corporate Governance section forming part of this Annual Report. All recommendations of the Audit Committee in terms of its charter were accepted by the Board of Directors of your Company from time to time during the year under report.

KEY MANAGERIAL PERSONNEL

Key Managerial Personnel (KMP) of the Company under Section 203 of the Companies Act, 2013 are as follows:

SR NO.	NAME	DESIGNATION
1	Mr. Ramaswami Velayudhan Pillai	Whole Time Director with effect from April 01, 2018
2	Mr. Rajesh Chaudhary	Whole Time Director upto March 31, 2018
3	Mr. Sunil Roongta	Chief Financial Officer
4	Mr. Kishor Talreja	Company Secretary

DEVELOPMENT AND IMPLEMENTATION OF RISK MANEGEMENT POLICY

The Company faces various risks in the form of financial risk, operational risks etc. The Company understands that it needs to survive these risks in the market and hence has developed a comprehensive policy on Risk Management.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken projects in the area of education which were in accordance with Schedule VII of the Companies Act, 2013.

During the year, the Company contributed:

A. Rs.22,40,000/- to Borosil Foundation, which in turn contributed:

-Rs.2,40,000/- to Seva Yagna Samiti, Bharuch, Gujarat for avoiding malnutrition as a measure of preventive health care & for food supply to patients of Government hospital at Bharuch, Gujarat,

-Rs.10,00,000/- to Friends of Tribals Society, Mumbai, as a part of a project being undertaken by them for imparting education in tribal areas under One Teacher School (OTS) called Ekal Vidyalayas,

-Rs.10,00,000/- to Saat Saath Arts, Jaipur, for protection of national heritage, art and for cost of shipping of the artworks and logistics of the exhibition that will be part of the Sculpture Park at Madhavendra Palace, Nahargarh Fort, Jaipur And

B. Rs.11,00,000/- to Manav Seva Mandal Global Parli for promoting education and making available safe drinking water at schools/hostel in Beed district, Maharashtra.

In terms of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has constituted CSR committee comprising of the following members:

1. Mr. B. L. Kheruka-Chairman
2. Mr. P. K. Kheruka
3. Mr. Jagdish Joshi out of which Mr. Jagdish Joshi is an Independent Director.
    a. The CSR Committee of the Board of Directors indicates the activities to be undertaken by the Company (within the framework of activities as specified in Schedule VII of the Act) during the particular year.
    b. recommends to the Board the amount of expenditure to be incurred during the year under some of the activities covered in the Company's CSR Policy.
    c. monitors the said policy.
    d. ensures that the activities as included in CSR Policy of the Company are undertaken by it in a phased manner depending on the available opportunities.

Company's CSR Policy:

The Board of Directors of the Company has approved the CSR Policy as recommended by the CSR Committee and the same has been uploaded on the Company's website at http://www.gujaratborosil.com/policies.html - click on CSR policy.

Initiatives taken by the Company during the year:

The 2% of the net profits of the Company during the immediate three preceding financial years amounts to Rs.32.88 lacs. The Company has contributed a sum of Rs.33.40 lacs during the year.

The Company has jointly with Borosil Glass Works Limited (BGWL), holding Company and Hopewell Tableware Private Limited (HTPL), wholly owned subsidiary of BGWL constituted a Trust namely – 'Borosil Foundation' with the main objective of making CSR contributions by the Company, BGWL and HTPL, from time to time.

An Annual Report on CSR activities in terms of Section 134(3) (o) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014 is attached herewith as an '**Annexure B**' to this Report.

Reason for non-spending balance CSR contribution:

Although, the Company has made contribution in excess of limit. However, the following amount will be spent during the financial year 2018-19:

- Rs. 80,000/- contributed to Seva Yagna Samiti through Borosil foundation
- Rs. 10,00,000/- contributed to Friends of Tribals Society through Borosil foundation

POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders on the following Special Resolution(s), vide Postal Ballot Notice dated August 08, 2017:

a. Amendment in Articles of Association of the Company
b. Amendment in Memorandum of Association of the Company – Classification and Increase of Authorized Share Capital
c. Raising of finance through issue of securities
d. Increase in borrowing powers up to Rs.300 crores.

The results on the voting conducted through Postal Ballot process were declared on October 04, 2017. Further, details related to the Postal ballot procedure adopted, voting pattern and result thereof have been provided under the General meeting section of 'Report on Corporate Governance'.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return in form MGT 9 is attached as an '**Annexure C**' to this Report and forms part to the report of the Board of Directors.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The policy on Related Party Transactions as approved by the Board is uploaded on the

Company's website at http://www.gujaratborosil.com/policies.html - click on Related Party Transaction policy.

The details of the transactions with Related Party are provided in the accompanying financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

During the year under review, the Company has received an inspection notice from Regional Director, North-Western Region, Ministry of Corporate Affairs at Ahmedabad, Gujarat ("Regional Director") and subsequently an observation notice from the Regional Director in relation to certain violations/irregularities of the provisions of the Companies Act, 2013. The Company has replied to their observation notice.

POLLUTION CONTROL

The Company's plants do not generate any effluent except flue gas, the chemical composition of which is within permissible limits.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS

During the year under review, there have not been any instances of fraud and accordingly, the Statutory Auditors have not reported any frauds either to the Audit Committee or to the Board under Section 143(12) of the Act.

AUDITORS:

STATUTORY AUDITORS

M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai (Firm Registration no.101720W), were appointed as Statutory Auditors of your Company for a term of five years from the conclusion of the 27th Annual General Meeting held on August 08, 2016 till the conclusion of the 32nd Annual General Meeting. Since then, proviso to sub-section (1) of Section139 of the Companies Act, 2013, which provided for such ratification every year, has been deleted. However, since the resolution passed on August 08, 2016 contains such requirement, it has been decided, as a major of abundant caution, to have ratification of appointment Statutory Auditors, done by the members for the entire unexpired period.

The Statutory Auditor's Report for the financial year 2017-2018 does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Auditors to the Company under sub-section (12) of Section 143 of the Act.

COST AUDITORS AND COST AUDIT REPORT

Pursuant to section 148 of the Companies Act 2013 and Rules made thereunder, the Board of Directors on the recommendation of the Audit Committee appointed M/s. Kailash Sankhlecha & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year 2018-19 and has recommended their remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. Pursuant of Section 148(6) of the Companies Act, 2013 and Rules made thereunder, the Cost Audit Report for the financial year 2016-17 was filed with the Ministry of Corporate Affairs on 31st August, 2017 vide SRN no. G51703312.

SECRETARIAL AUDIT

In terms of Section 204 of the Act and Rules made there under, Mr. Virendra Bhatt, Practicing Company Secretary (CP no.124) has been appointed as Secretarial Auditors of the Company. The report of the Secretarial Auditors is attached as an '**Annexure D**' to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks by the Secretarial Auditors.

The comments of the Board on the observations and other remarks of the Secretarial Auditors are as follows:

Sr. No.	Observation by Secretarial Auditor	Comments by the Board
1	The Company has received an inspection notice u/s. 206(5) from Regional Director, North-western Region, Ministry of Corporate Affairs at Ahmedabad, Gujarat ("Regional Director) and subsequently a letter dated December 13, 2017 from the Regional Director in relation to certain violations/ irregularities of the various provision of the Companies Act, 2013.	The Company has replied to the letter dated December 13, 2017. Further, the Company has received Show cause notice dated May 01, 2018 from Registrar of Companies, Gujarat for violation of certain provisions of the Companies Act, 2013, which the Company is in process of compounding.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

a. that in the preparation of the annual financial statements, the applicable Indian accounting standards have been followed and there were no departures;

b. that we have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c. that we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;

f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General Meetings. The Company has complied with all the applicable provisions of the Secretarial standards.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, the Company had not made any loans or given any guarantee. However, the Company had made investments in mutual fund, details of which are furnished in the Notes 11 to the Financial Statements.

EMPLOYEES' SAFETY

The Company is continuously endeavouring to ensure safe working conditions for all its employees.

The Company attaches high importance to the Occupational health and safety systems to protect all its employees. The Company has taken mediclaim policy for all its employees and their dependent family members as also personal accident insurance of appropriate amounts for the employees at various levels.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for Prohibition and Redressal of Sexual Harassment at work place which is in line with the requirements of the Sexual Harassment of women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder. All employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has constituted an Internal Complaint Committee for its Registered Office and Corporate Office under Section 4 of the captioned Act. No complaint has been filed before the said committee till date. The Company has filed an Annual Report with the concerned Authority.

DISCLOSURE UNDER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

A Statement containing details of disclosure as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 is attached herewith as an '**Annexure E**' to this Report.

PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as an '**Annexure F**' to this Report.

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

Information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014 is given as an '**Annexure G**' to this Report.

OTHER DISCLOSURES:

- There have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.
- There is no change in the nature of business.
- No Director is in receipt of any remuneration or commission from any of its subsidiaries, as the Company has no subsidiary Company.
- No relative of director was appointed to place of profit.
- As per Regulation 32(4) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, deviation of proceeds of public issue is not applicable to the Company.

ACKNOWLEDGMENT

Your Directors would like to convey their deep appreciation for the co-operation received from employees, Company's bankers, Customers and Government Authorities during the year under review. The Directors also place on record their appreciation for the confidence reposed by the shareholders.

For and on behalf of the Board of Directors

Place: Mumbai
Date: June 18, 2018

B. L. Kheruka
Chairman
DIN-00016861