The Company earned Other Income of ₹ 36.4 crores during FY18 (mainly from investments) as compared to ₹ 35.0 crores in FY17.

The Company recorded a Profit Before Tax, before exceptional item and other comprehensive income of ₹ 70.3 crores as compared to ₹ 47.0 crores in FY17, a strong growth of 49.4%. During FY17 the Company made a one-time exceptional gain of ₹ 90.9 crores from the acquisition of a piece of land from the company by Municipal Corporation of Greater Mumbai (MCGM). The PBT in FY17, including this exceptional item was ₹ 137.9 crores.

Profit After Tax (PAT) during FY18 was ₹ 56.2 crore as against ₹ 44.7 crore (excluding one time gain of ₹ 90.9 crore from land acquisition) in the previous year. The growth in PAT during FY18 adjusting for the exceptional item in FY17, was 25.8%.

The Effective Tax Rate for FY18 was 34%. The Effective Tax Rate during FY17 was 8.1%. This was lower primarily on account of non-taxable earnings from the sale of long-term investments and Profit on Sale of Property, Plant and Equipment (shown as exceptional item).

STATE OF AFFAIRS/ REVIEW OF OPERATIONS (CONSOLIDATED)

During FY18, your Company achieved Revenue from Operations of ₹ 635.8 crores as against ₹ 577.0 crores in FY17, registering a growth of 10.2%.

The Company earned Other Income of ₹ 30.6 crores during FY18 (mainly from investments) as compared to ₹ 42.7 crores in FY17.

The Company recorded a Profit Before Tax, before exceptional item and other comprehensive income of ₹ 77.8 crores as compared to ₹ 65.3 crores in FY17, a growth of 19.2%. During FY17 the Company made a one-time exceptional gain of ₹ 90.9 crores from the acquisition of a piece of land from the company by Municipal Corporation of Greater Mumbai (MCGM). The PBT in FY17, including this exceptional item was ₹ 156.1 crores.

Profit After Tax (PAT) during FY18 was ₹ 60.8 crore as against ₹ 65.9 crore (excluding one time gain of ₹ 90.9 crore from land acquisition) in the previous year.

The Effective Tax Rate for FY18 was 35.2%. The Effective Tax Rate during FY17 was 12.3%. This was lower primarily on account of non-taxable earnings from the sale of long-term investments and Profit on Sale of Property, Plant and Equipment (shown as exceptional item).

A detailed Management Discussion and Analysis, which inter-alia covers the following, forms part of the Annual Report.

- Industry Structure and Development
- Risks and Concerns
- Internal Control system and their adequacy
- Discussion on financial performance with respect to operational performance
- Analysis Of Segment Wise Performance
- Scheme of Amalgamation
- Other Corporate Developments
- Outlook
- Material Development in Human Resources and Industrial Relations including number of people employed

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion covers the financial results and other developments during April 2017 - March 2018 in respect of the Consolidated Results of Borosil comprising its Scientific & Industrial Products Division (SIP) and its Consumer Products Division (CPD). These include the financials of Borosil Glass Works Limited, Hopewell Tableware Private Limited (100% subsidiary), Klasspack Private Limited (60.3% subsidiary), Borosil Afrasia FZE (100% subsidiary) and Fennel Investment and Finance Private Limited (an associate company). The consolidated entity has been referred to hereinafter as "Company" or "Borosil". A brief overview of the business of Gujarat Borosil Limited is provided separately.

The financials of the company have been prepared in accordance with Indian Accounting Standards (IND AS).

Some statements in this discussion pertaining to projections, estimates, expectations 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.

INDUSTRY STRUCTURE AND DEVELOPMENT

India undertook some key structural initiatives over the last few quarters to build strength across macro-economic parameters for sustainable growth in the future. The step to demonetize certain currency notes in November 2016 and the implementation of a uniform Goods & Services Tax regime in July 2017, did lead to a temporary slow-down during FY18. Nevertheless, India remains one of the fastest growing large economies, with GDP estimated to grow by about 6.7% during FY18. There are some green shoots visible in the early part of FY19. An uptick in investment, revival in manufacturing activity and gains in capital goods production supported by turning consumption demand, is expected to boost growth. The International Monetary Fund has projected a growth rate for India of 7.4% during 2018. Inflation has remained largely under control over the last few years. While this may continue to do so, there could be near term challenges with the recent rise in international crude oil prices, higher MSP announced in the last Union Budget and spending prior to elections due in 2019. At US$ 2.3 trillion, India is the seventh largest economy in the world and would add US$ 600-900 billion over the next five years even with a modest 5% to 7% growth rate.

With a population of 1.3 billion, India's domestic market offers immense growth opportunities. Though diverse, this demographic is expected to drive consumption as India's economic indicators improve. Demographically, India is in the sweet spot with 44% of its population in the working age group of 25-59 years. This ratio is expected to improve over the next decade and will boost consumption. India is also urbanizing rapidly. This is integral to economic development with India's urban areas contributing majorly to its economy. Urbanization has reached about 31% and is seeing an uptrend on the back of semi-urban and a few rural areas transforming into urban/semi-urban riding improving infrastructure, education, healthcare facilities etc.

The distribution channel in India is getting leaner. Traditionally, there have been multiple intermediaries with goods from the factory moving through CFAs (Carrying and Forwarding Agents), distributors, super stockists, wholesalers and retailers. The implementation of GST has facilitated the movement of goods directly from a mother warehouse to a distributor. The increase in share of Modern Trade and Cash & Carry is making it increasingly possible for manufacturers to supply goods directly to these big box retailers.

Structural initiatives implemented by the Government are likely to benefit organized players in the long run. Over the years, the unorganized segment could circumvent labour laws, flout regulations and evade taxes. Streamlining corporate taxes and business regulations, curbing black money, implementing GST, among others has promoted the absorption of such businesses into the organised sector.

India has the second largest base of internet users and an explosion in mobile phone penetration has brought in large numbers of mobile first internet users. This is leading to a rapidly growing trend of online consumption. Demonetization has also exposed a huge section of the population to debit cards, credit cards and electronic payments. E-commerce companies are expanding into several segments and product categories thereby expanding the overall market.

India's GDP per capita stands at about US$ 1700 and is on the threshold of an inflection at US$ 2000. It is expected that with the rise of per capita GDP to over USD 2000, discretionary spending will surge. With basic needs taken care of food expenditure as a percentage of total spend will decline while discretionary expenditure should rise. Consumers are also likely to be more discerning and demand superior quality. Demand for premium quality products will gather strength, with preference for branded products gaining ground.

Borosil Glass Works Limited conducts its operations in two business segments, namely its Scientific & Industrial Products Division (SIP) and its Consumer Products Division (CPD).

SIP caters to the needs of the Pharmaceutical, Research and Development, Education and Healthcare segments of the market. These industries are seeing a rapid move towards automation. This shift is improving productivity multifold and exponentially increasing the volumes of tests and analyses being conducted. New methodologies are being developed for sample preparation enabling multiple analyses. Consequently, there is a large market emerging for new equipment and other products. While traditionally the Company used to market glassware including a wide variety of scientific, industrial and pharmaceutical glass items sourced from both international and domestic markets, it is now seeing itself evolve from a glassware manufacturer to a provider of solutions to its customers for their laboratory and product needs. The Company has begun to market a range of Bench Top Equipment under the brand Labquest by Borosil. The Company has also begun developing a market for its laboratory glassware products in Africa, the Middle East and South East Asia.

CPD has been marketing microwaveable glassware products to consumers under the brand Borosil for over five decades. There is a definite trend in terms of increased disposable income of households, more nuclear families and changes in consumer lifestyle. Kitchen designs are improving (even as they might get smaller) and consumers are entertaining at home more often. This gives rise to the need for better kitchen equipment, storage solutions and serving products that are more elegant while still performing efficiently. Borosil products seek to empower their consumers with just that, in accordance with our tag-line "performs beautifully".

With a rising consciousness against plastic in the country, there is a gradual shift of storage of food items from plastic containers to glass/stainless steel substitutes. The state government of Maharashtra recently took an admirable step in banning certain types of plastic in order to preserve a cleaner environment and help protect public health. Borosil is focused on providing its consumers a range of non-plastic solutions for kitchen storage, dining and in the To-Go segment with its Glass Lunch Boxes & Jars, Larah Opal Tableware and Hydra Stainless Steel Flask range.

RISKS AND CONCERNS

(a) Macro Economic Factors: In situations of economic constraints, items that are in the nature of discretionary spending are the first to be curtailed. Factors such as low GDP growth and high food inflation can result in postponement of purchase or down-trading from premium to mass market products.

(b) Changing Customer Preferences: Demand can be adversely impacted by a shift in customer and consumer preferences. The Company keeps a close watch on changing trends and identifies new product lines that it can offer its customers.

(c) Competition: With low entry barriers, there could be an increase in the number of competing brands. Counter campaigning and aggressive pricing by competitors (including e-commerce players buying sales through heavy discounting) have the potential of creating a disruption. China could be a source of low cost products in addition to grey market imports. The Company brand "BOROSIL" enjoys a first mover advantage and significant brand equity. Marketing investments to further strengthen the brand may mitigate the impact of aggressive competition.

(d) Growth of Online as a new channel: New brands are being launched online. With increased online penetration distributor relationships may no longer remain a critical success factor. The Company has listed its products on major e-tailer marketplaces and has also launched its own e-commerce portal www.myborosil.com.

(e) New Product Launches: New products may not find very favorable acceptance by consumers or may fail to achieve sales targets. The Company has a systematic outside-in insighting and new product development process that helps in increasing the chances of new product success.

(f) Acquisitions: Acquisitions entail deployment of capital and may increase the challenge of improving returns on investment, particularly in the short run. Integration of operations may take time thereby deferring benefits of synergies of unification. The Company contemplates acquisitions with a high strategic fit where it envisages a clear potential to derive synergistic benefits.

(g) Input Costs: Unexpected changes in commodity prices resulting from global demand and supply fluctuations as well as variations in the value of the Indian Rupee versus foreign currencies could lead to an increased cost base with a consequent impact on margins.

(h) Counterfeits: Counterfeits, pass-offs and lookalikes are a constant source of unfair competition for leadership brands.

(i) Volatility in Financial Markets: Investments in equity, debt and real estate markets are always subject to market fluctuation risks. The Company has reduced the size of its investment portfolio and is expected to park surplus funds primarily in safe, liquid assets.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate Internal Control Systems commensurate with its size and nature of business. 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.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Since the Company is debt free, the overall financial performance was in line with the operational performance. In addition to the operational profit, the company also earns income from its investible funds.

Review of Operations – Consolidated for SIP and CPD:

During FY18 Borosil achieved Revenue from Operations of ₹ 436.0 crores as against ₹ 388.8 crores, registering a 12% growth.

During FY18, there was a slow down in overall business activity in the economy in the wake of implementation of Goods and Services Tax (GST). While this will benefit organized players in the long run, there was some impact during FY18. The Company also undertook an upgradation and expansion of capacity of its manufacturing facility for the Larah brand. This resulted in some gaps in the supply chain and consequent loss of potential sales. With market channels having settled down post the GST roll out and the Larah plant stabilized, the company is well placed to accelerate growth during FY19.

During FY18 Borosil achieved an EBITDA of ₹ 59.5 crores, a growth of 46.5% over the previous year. Growth in revenues provided the Company with operating leverage and helped to expand the EBIDTA margin by 320 basis points from 10.4% in FY17 to a much healthier 13.6% in FY18.

Borosil's Profit Before Tax (PBT) excluding profit from investments and exceptional items also grew by 57% from ₹ 28.4 crore in FY17 to ₹ 44.5 crore in FY18. During FY17, Borosil made a one-time exceptional gain of ₹ 90.9 crores from the acquisition of a piece of land from the company by Municipal Corporation of Greater Mumbai (MCGM).

ANALYSIS OF SEGMENT WISE PERFORMANCE

Scientific & Industrial Products Division (SIP):

During FY18, the SIP division including Klasspack achieved Net Revenue of ₹187.1 crore, a growth of 17.0% over the previous year. In FY17, Borosil held Klasspack for 8 months in the year. Adjusting for Klasspack sales on a like to like basis, the SIP division's revenue grew by ~11.0%.

This growth was somewhat subdued because the company passed on the benefits arising from the introduction of GST in July 2017 to its customers by reducing the prices of SIP division products. Over the years, Borosil's SIP division has established leadership in the ₹ 235 crore lab glassware segment (internal estimates) with ~64% market share. The Company's client list includes most well-known pharmaceutical players in the country, apart from government laboratories, microbiology, biotechnology and food & soil testing organizations and institutions of higher education. Its large network of customers ensures that the company has virtually no client concentration risk. The nature of business requires servicing clients with a very large range of SKUs (the Company has a catalogue of over 2000 SKUs). Given the low unit price of each item and being a rather small proportion of the consumables budget of pharmaceutical labs, clients are reluctant to have multiple supplier brands. Borosil enjoys an incumbent's advantage with these customers. Moreover, the wide range of SKUs is not easy for a newcomer to offer as customers often demand immediate delivery with little or no demand forecasts. The Company has developed a strong 50+ member sales team that keeps in touch with its customers, the scientists and technicians in the laboratories. This team promotes the company's products, takes orders, assist with usage procedures and understand new needs. This reinforces Borosil's branding and increases customer loyalty towards this low-value but critical range of items in laboratories across the country.

One of the company's strategies is to sell more products to the same customers. Having established a strong equity for Borosil laboratory glassware with its customers, the Company has now introduced a range of products branded Labquest by Borosil range of Bench Top equipment. This launch has found ready acceptance and includes products such as Centrifuges, Shakers and Magnetic Stirrers. The Company estimates the market to be about ₹ 160 crores serviced predominantly by expensive imports and growing at about 8% to 10% per annum. Encouraged by the traction that Labquest has received from its customers, the Company has decided to bring greater focus to the design and development of a larger range of bench top equipment. In March 2018, the Board approved acquisition of 100% shares of Borosil Technologies Limited within which it intends to build design and development capability. The cost of acquisition was ₹ 1.4 Lacs. This facilitated convenient ownership of an incorporated entity without previous business activity or any liability. As volumes increase, Borosil Technologies might consider starting manufacture of some of the products in the Labquest range.

The Company has begun to build an additional avenue for sales through exports of its lab glassware products. The Middle East, Africa and South East Asia do not have dominant local brands and there is an opportunity to service these markets with Borosil's advantage of a favourable India-based cost structure. With Indian pharmaceutical companies expanding operations in these geographies, lab personnel from India are expected to prefer using the brand with which they are familiar. Export revenues for the SIP division have grown from ₹ 1.4 crores in FY13 to ₹ 9.3 crores in FY18. To tap into the larger North American market, the company entered into a collaboration with Foxx Life Sciences in April 2018 to market premium laboratory glassware.

Klasspack:

Hitherto Borosil was marketing lab glassware to pharmaceutical companies for their research lab and quality control lab needs. With the addition of the Klasspack range to its portfolio, the Company is now servicing the glass packaging needs of these customers. Our customers now have another high quality choice for sourcing their glass packaging needs.

This market, estimated to be ₹ 500 crores has a single company having dominant market share. Klasspack is the second strong player and believes it can build a strong position for itself by providing Borosil's pharmaceutical customers with another credible supplier. Borosil has invested about ₹ 27 crores post its acquisition of a 60.3% stake in Klasspack. This has been used to upgrade their production facility to world-class standards with clean rooms and automation of manufacturing and installation of camera inspection systems. Given the long lead times required to pass the stringent quality specifications to become an approved supplier there is a significant barrier to entry for future players. The Company has added many new customers and commenced the registering process with a number of other potential customers. The approval cycles could take between 6 months to 18 months. Klasspack achieved a revenue of ₹ 37.4 crore (net of inter company sale) during FY18.

Consumer Products Division (CPD):

Borosil, India's most well-known and trusted brand in microwaveable kitchenware, has expanded its product offering over the past few years. According to our internal estimate it commands a 60% national market share in the traditional microwaveable kitchenware segment through its established network of over 10,000 retail outlets as well as its presence in key Modern Retail stores, which gives this homemakers' favourite brand a nationwide reach.

The modern homemaker is looking for convenience in the kitchen and is also more conscious about how she presents / serves meals at home. This is leading to a strong tail wind in the categories of storage, tableware and kitchen appliances. Our new range of products enjoy everyday use whereas usage of microwaveable glass kitchenware tends to be occasional. The Company has introduced a range of products that cover the entire process of preparation, cooking and serving that empower its consumers to perform more efficiently and present more beautifully.

The kitchen storage market is estimated to be ₹ 700 crore (organised only) and growing between 15% and 20% annually. Steel and plastics currently dominate this market. Steel being opaque is less convenient to use. Plastics are light and durable, but there is a growing awareness about the hazards of using plastics for storage and heating of foods as well as their negative environmental impact. Glass being inert makes it safe for all food handling and is also easily recyclable. Our containers can be used for storage, and its contents can be microwaved. They do not stain with Indian spices, are easily cleaned and look as good as new over long periods of time. Glass jars with a sealing function help to keep food fresh on kitchen shelves. Our range of lunch boxes allow office goers to microwave their lunch and eat a piping hot meal at work. This year, the strategy was supported by a "Lunch Box Campaign" with the tagline "No plastic, isliye fantastic". The storage solutions introduced by the company have received a good response.

The Company has introduced the "To-Go" Hydra range of food-grade stainless steel products. These include vacuum insulated stainless steel flasks and Hot-n-Fresh lunch boxes. These trendy flasks made of food-grade stainless steel keep food and beverages hot or cold all day.

Hopewell Tableware Private Limited ("Larah"):

In January 2016, the Company acquired 100% share in Hopewell Tableware Private Limited, whose products are sold under the brand 'Larah', thus gaining participation in the fast growth ₹ 500 crore opal glass dinnerware market.

The modern homemaker is looking for elegantly designed and fashionable products that can be used frequently (daily use) without fear of damage. Larah offers a light, strong and chip resistant product range that caters to this consumer need. Additionally, the products are bone-ash free, making them vegetarian friendly.

This category has hitherto been dominated by a single player. Borosil sees an opportunity to invest in and grow Larah into a strong brand of choice for the consumer.

During FY17, the company focused on increasing Larah's reach by leveraging Borosil's existing network of over 10,000 retail outlets. Larah's retail shelf presence could be quickly moved up from about 2500 stores to about 7500 stores. The growth initiative in FY17 was supported by a new advertising campaign highlighting the beauty and utility of Larah dinnerware. Having reaped some of the low hanging fruit in the previous year, the Company focused on enhancing product quality of the brand and improving production efficiency. In FY18, the company invested about ₹ 64 crore in capital expenditure towards adding capacity as well as upgrading the production lines to produce 'best-in-class' opalware in a range of shapes and sizes.

The production shutdown that accompanied the enhancement of furnace capacity and upgrading the production lines, resulted in some supply gaps in the market, particularly during Q4FY18. This led to some loss of sales. During FY18, Larah achieved a turnover of ₹ 102.1 crore, a growth of 3.9% over its sales of ₹ 98.3 crore (including excise duty) in FY17 (Growth in revenue before excise duty was 14.7%). With the expansion completed and production stabilized, sales are poised to increase at a faster rate during FY19.

The market for kitchen appliances is estimated at ₹ 9000 crore and growing at about 10% each year. The intensity of competition in the category is high. The company would thus be selective in introducing unique and differentiated products. It expects to leverage its kitchenware equity to help it to participate in the growth of the category, without having to play out an aggressive share gain strategy. In order to de-risk its strategy the company will use third party manufacturers in the short term to produce the products under Borosil's brand.

Sales Channels:

Borosil has established a strong national distribution network for its CPD division. The company sells products to about 200 distributors who in turn service about 10,000 retailers. The company's products are available in all major Modern Trade store chains. Sales through Modern Trade comprise about 20% of the consumer products sales. Currently the share of e-commerce is small. However, the channel is gaining momentum and could grow in significance in the years ahead. The company markets its products through marketplaces such as Amazon as well as its own e-commerce site, www.myborosil.com

Supply Chain:

In the SIP division, the Company sources its lab glassware products from Vyline Glass Works Ltd. (a related company), international suppliers and other domestic third parties. The SIP division is run as a profit center and its management is free to procure products from Vyline or anywhere else in the world. The Company has taken shareholder approval for a Scheme of Amalgamation (details provided in a later section) which the Company has filed with NCLT for its approval. Upon implementation of the Scheme, Vyline will be absorbed into Borosil Glass Works Ltd, thus obviating the need for a related party transaction.

The instrumentation range under the brand LabQuest is currently manufactured through third parties. Based on the growing demand for these products, the Company may commence own manufacturing for some of these products in FY19 through its 100% subsidiary, Borosil Technologies Ltd. The pharma packaging range, under the brand Klasspack is produced at Klasspack's own factory at Nashik.

Klasspack has adequate manufacturing capacity to handle growth in the near to medium term. It currently operates on a single shift. The manufacturing facility is however likely to require investments of about ₹ 10-15 crore each year over the next few years for continuous upgrading of the plant.

In the CPD division, the microwaveable glass products are sourced through third parties, including through imports. Some of the products (comprising glass tumblers, decorative glass products etc.) are procured from Vyline. Similar to the SIP division, this is done at arm's length pricing and Vyline competes with other third-party suppliers. The Larah range of opal-ware products is manufactured at the facilities of Hopewell at Jaipur.

During FY18, the Company invested about ₹ 64 crore in the Hopewell factory to expand capacity and modernize the plant to improve productivity. The increased capacity now enables the plant to produce about ₹ 150 to ₹ 175 crore of opalware. The plant is now expected to function with enhanced input-output yields from the furnace and reduced process losses on the new production lines. These are expected to help in improving margins.

The Company has received requisite permissions to build a brownfield new Fulfilment Centre adjacent to the Hopewell plant at Jaipur. The investment required is estimated to be about ₹ 50 crores. This consolidation will enable the company to ship goods to customers in full truck loads as opposed to partial truck loads and help in reducing freight costs. In addition, it will improve fill rates to Customers and also improve the response time to market demand. The project is likely to get implemented in the fourth quarter of FY19.

Operating Margins (EBITDA):

The EBITDA margin from operations during FY18 was 13.6%. Over the next two years the company expects to deliver an expansion in the EBITDA margin. This is likely to be achieved with increasing scale wherein fixed overheads and marketing expenses do not increase at the same pace as revenue. In addition, the upgrade at manufacturing facility for Larah is expected to contribute to better margins through higher efficiency and yield improvements from FY19. The new Fulfillment Centre will also result in optimization of freights from FY20. Upon approval of the proposed scheme of amalgamation by NCLT, EBITDA from the Vyline business will get added to the Company's margins. Over the next two to three years, the Company expects to improve its EBITDA to about 15% to 20%.

(These operating margins are stated after excluding expenses which are directly resulting from the Investment related activities of the Company. A direct comparison with the profit and loss statement of the Company is thus not possible).

Capital Employed:

As on March 31, 2018, the company had operating capital employed of ₹ 366 crore (as compared to ₹ 337 crore on March 31, 2017). This excludes capital employed in non-core assets and treasury related investments made by the Company and its investment in Preference Shares of Gujarat Borosil Limited. Based on the above, the Company turned its capital employed 1.2X times during FY18.

In the SIP business the Company strategically holds a higher level of inventory. This is to ensure that its regional warehouses maintain stocks that enable Borosil to service its customers' requirements within 24 hours. This service level differentiates Borosil from its competitors. Moreover, the cost of holding inventory is lower than the cost of losing sale.

As of March 31, 2018 the Company had Net Fixed Assets of ₹ 254 crores. During FY19, the company expects to invest about ₹ 50 crore in its new Fulfillment Centre at Jaipur. The ongoing capital expenditure of the Company is expected to be to the tune of about ₹ 15 to ₹ 20 crores each year, including upgrading of its Klasspack plant and repair of the furnace at the Larah factory once in two to two and half years.

In line with its new thinking on capital allocation, the Company has been executing a strategy of releasing capital from non-core assets over the last two years. During the year FY18, the Company realized ₹ 64 crore, upon disposal of residential property at Samudra Mahal in Worli, Mumbai. This has brought down the value of non-core assets on the books of the Company as of March 31, 2018 to ₹ 3.9 crores.

Investments / Surplus / Other Income:

During FY18, the company recorded other income of ₹ 27.3 crores as compared to ₹ 35.7 crores during FY17. As of March 31, 2018, the company had surplus funds of ₹ 265 crores in addition to an investment of ₹ 90 crores in preference shares of Gujarat Borosil Limited, a subsidiary company. These are invested in liquid funds, fixed maturity plans, bonds and debentures, equity arbitrage funds, alternate funds and real estate funds as per investment policy adopted by the Board of Directors.

During FY18, the Company has exited its equity exposures and substantially reduced its real estate exposures and has reinvested the monies in short maturity fixed income instruments with tenures matching business opportunities including strategic expansion(s) and for meeting other requirements of the Company / its subsidiaries companies.

ACQUISITIONS

On April 17, 2018 the Company acquired 100% Equity Shares of Borosil Technologies Limited (formerly known as Borosil Glass Limited), a closely held non-listed domestic public company for ₹ 1.4 Lacs, thereby making that Company a wholly owned subsidiary of our Company. Borosil Technologies Limited (formerly known as Borosil Glass Limited) had not recorded any turnover during the last 3 years. The Company's promoters or entities controlled by the promoters were holding 100% shareholding in the said Company.

Borosil Technologies Limited (formerly known as Borosil Glass Limited) will design, develop and assemble laboratory bench top equipments and instruments such as shakers, stirrers, mixers, centrifuges, digestors etc. The manufacturing facility will be initially set up at Pune.

On May 28, 2018 the Company acquired 100% Equity Shares of Acalypha Realty Limited (formerly known as Borosil International Limited), a closely held non-listed domestic public company for ₹ 0.45 Lacs, thereby becoming a wholly owned subsidiary of the Company. Acalypha Realty Limited (formerly known as Borosil International Limited) had not recorded any turnover during the last 3 years. The Company's promoters or entities controlled by the promoters were holding 100% shareholding in the said Company. This Company will develop/unlock value of some property currently owned by Borosil Glass Works Limited.

SHARE CAPITAL

The Paid-up Capital of the Company is ₹ 2,31,00,000/- and Authorised Capital of the Company is ₹ 12,00,00,000/-.

During the year under review, the Company has made alteration in capital clause of the Memorandum of Association of the Company as a result of sub-division of equity shares of the Company.

Sub Division/Split of Equity Shares of the Company

The Shareholders of the Company at their Annual general Meeting held on August 10, 2017 approved sub division/ split of the face value of the shares of the Company from ₹ 10/- per share to 10 shares of face value of ₹ 1/- per share. The said sub division was effected from September 15, 2017.

Scheme of Amalgamation and Arrangement:

As Shareholders are aware in Q3FY17, the Board of Directors of the Company approved a scheme of amalgamation of Hopewell Tableware Private Limited (HTPL), Fennel Investment and Finance Private Limited (FIFPL) and Vyline Glass Works Ltd (VGWL) into Borosil Glass Works Ltd (BGWL). Subsequently, November 25, 2016 was fixed as an 'Appointed Date' for the said Scheme, which is pending for approval with National Company Law Tribunal (NCLT). Between November 25, 2016 and now there have been a lot of changes in the circumstances and hence the Board of Directors of the Company after a review felt it necessary to withdraw the present Scheme and frame and adopt an altogether new Composite Scheme of Amalgamation and Arrangement. While doing so, it was also deemed fit to include Gujarat Borosil Limited (GBL) as a part of the aforesaid new Scheme.

After examination of various aspects and business expediencies, it was decided that Vyline Glass Works Limited, Fennel Investment & Finance Private Limited and Gujarat Borosil Limited will merge with our Company i.e. Borosil Glass Works Limited AND thereafter the existing business of BGWL (except liquid investments of ₹ 125 crores and 7.95 hectares of land), along with business of VGWL, will demerge into Hopewell Tableware Private Limited 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 new 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.

Gujarat Borosil Limited is a subsidiary of our Company and is engaged in the business of manufacturing and marketing of tempered glass for application in the solar power sector. The said Company also produces patterned glass for architectural applications. Shareholders of GBL other than BGWL and FIFPL will receive shares in the ratio of 1:8 in the 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 new Scheme, Shareholders of VGWL will receive shares in the ratio of 100:162 in the 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 the 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 demerger) 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 new 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 (along with business of VGWL) into HTPL.

Gujarat Borosil Ltd:

Gujarat Borosil is the only manufacturer of solar glass in India. During the year FY18, the company recorded a turnover of ₹ 199.8 crores, a growth of 6.1% over the previous year. The EBITDA margin of the company during FY18 was 18.6%, down from 25.3% in FY17. However, the previous year's financials include a one-time gain, while FY18 had certain one-time non-recurring expenses. Profit After Tax during FY18 was ₹ 7.0 crore.

Profit before finance cost, depreciation, exceptional items and tax during FY18 was at ₹ 39.1 Crore as compared to ₹ 47.9 Crore (which included a one-time refund of ₹ 5.6 crore from GAIL) in the previous year. Moreover, suspension of production, undertaken to carry out hot running repairs to the furnace, and trials to manufacture 2mm fully tempered glass during FY18, caused an output loss valued at over ₹ 5.0 crore. On a like-to-like basis, profit before finance cost, depreciation, exceptional items and tax increased by about 4.2% over the previous year.

The company has a strong R&D team and a state of the art manufacturing facility located at Bharuch. The company has achieved a high degree of innovation to drive down total cost of ownership for its end customers. Its glass ensures high light transmission, with anti-reflective coating to increase efficiency. Gujarat Borosil faces competition from Chinese suppliers. In August 2017, the India imposed anti-dumping duty on solar glass imported from China. It is also considering imposition of anti-dumping duty on imports from Malaysia. The company believes that in order to secure their supply chain, its customers would always maintain an alternative source of supply from an Indian company.

During FY18, Gujarat Borosil has obtained approvals from testing agencies for its new product – 2mm tempered solar glass, a first in the world. Consequent to the testing some customers have placed trial orders. Given its advantages of lower weight, higher light transmission and longer life, this 2 mm tempered solar glass is expected to generate strong demand in the medium term.

India currently has about 12 GW of solar energy installations. The Government of India is providing a big impetus to solar energy and has set an objective of 100 GW from solar by 2022. Gujarat Borosil has a capacity to service about 1 GW per year. The company has thus drawn up a plan to increase its capacity to service 2.3 GW per year. The company is examining a mix of various options to finance this expansion.

Outlook:

In the SIP business, the Company expects to maintain its dominant market leadership in the lab glassware segment in India. The market is expected to grow at 8% to 10%. The Company has also begun to grow an international franchise and will focus on The Middle East, Africa, South East Asia and USA. Two new avenues of growth are being built through the introduction of LabQuest for lab instrumentation and the entry into the pharma packaging segment with Klasspack. The Company has made a transition from a being a single brand in laboratory glassware in India to offering three brands catering to laboratory glassware, laboratory instrumentation and pharma packaging while opening up the international market for laboratory glassware. Overall the SIP division is expected to grow at 12% to 15% in the medium term.

In the CPD business, the company expects to maintain its share in the kitchen microwaveable glass segment. The Company expects a significant portion of its growth to come from the glass storage segment by tapping into conversions from steel and plastic storage containers to glass and from Opalware dining products. In Opalware the Company will build the equity of its brand Larah and participate in market growth as well as improve market share. In the medium to long term, the company will experiment with making introductions of innovative products in the kitchen appliances segment. The Company also sees an opportunity in the emerging Vaccum Insulated Stainless Steel segment wherein there is a gradual shift of the users from plastic to non-plastic alternatives.

The Company's CPD business has grown from occasional use microwaveable products under a single brand serviced primarily through general trade to a wider portfolio of daily-use brands, including glass storage, dinnerware and appliances that reach its consumers through multiple channels including general trade, modern trade and e-commerce. The Company expects the CPD business to grow by 15% to 20% in the medium term.

With improving scale and continued focus to drive efficiencies, the Company expects to achieve EBITDA margins between 15% and 20% over the next 2-3 years.

The Company has a strong balance sheet and surplus cash on hand. It will leverage this to look for inorganic opportunities with a strategic fit.

In the solar glass business, the company expects to ride the strong tail wind in the solar power industry. The Company's current capacity and planned expansion will service a very small portion of the Government of India's targeted installations. As the only domestic supplier of solar glass, the Company expects to continue to see robust growth.

Material Development in Human Resources, Industrial Relations and number of people employed

The Company believes that talent and culture have to be nurtured as a source of competitive advantage. The Company has initiated several steps to build a strong culture and institution. The Company intends to increasingly nurture the concept of Home Grown Management.

The Company has developed an overall organizational strategy to achieve growth aspirations of the organization, which is popularly known as VISION 2020, through deliberation by a Steering Committee comprising of the Managing Director and Functional heads. This also has been communicated across all the employees.

Based on its vision and strategic goals, the Company has evolved the desired set of deliverables & competencies for all employees. Employee development plans are being aligned on the basis of business needs and desired competencies gap of individuals in order to achieve desired business goals. Similarly, all new recruitments are also made on the basis of this set of competencies.

The Company is building a performance oriented culture with merit based rewards and recognition.

The Company, as a part of its program for upgrading skills of its employees, arranges various training programs for executives at various levels including functional and soft skills training. During the year, the Company has arranged a number of development initiatives that include:

1. Consultative Value Engagement & Value Selling for Science & Industrial Products.
2. Accelerated Sales Force Performance for Consumer Products.
3. Finance for Marketing Professional of Consumer Products.

The Company has also devised various employee benefit policies that are revised from time to time. In order to maintain a work life balance and to encourage team interaction beyond work, the Company organizes various events including an event known as 'Unwind' on a bi-monthly basis and various other employee engagement initiatives driven by team known as "Umang".

The Company has also put in place a Code of Business Ethics.

The Company had **218** office staff / managerial personnel employed as on March 31, 2018 in various offices/locations. In addition, there were **10** retainers and **2** trainees in different fields.

BOROSIL EMPLOYEE STOCK OPTION SCHEME 2017

At the Annual General Meeting of the Company held on August 10, 2017, the shareholders approved formulation and implementation of Borosil Employee Stock Option Scheme 2017 and the total number of options approved was 11,55,000 (Eleven lacs fifty five thousand).

During the year under review, the Nomination and Remuneration Committee at its meeting held on November 02, 2017 granted 90,927 options under Borosil Employee Stock Option Scheme 2017 to select group of employees of the Company and its Subsidiaries, which can be vested as per vesting schedule. During the year 2017-18, there has been no exercise of stock options.

Disclosures with respect to Employees Stock Option Scheme of the Company is attached as 'Annexure A'.

SUBSIDIARY & ASSOCIATES

As on March 31, 2018, the Company had two wholly owned subsidiaries namely:

Borosil Afrasia FZE (Free Zone Establishment) in Jebel Ali Free Zone situated in Dubai in United Arab Emirates (UAE).The said FZE is engaged in the business of marketing the Company's products in the Middle East and African markets.

Hopewell Tableware Private Limited engaged in the business of manufacture and marketing of opal glassware with a factory in Jaipur, Rajasthan.

Further, Borosil Afrasia FZE has incorporated a Limited Liability Company namely Borosil Afrasia Middle East Trading LLC. As per UAE law, foreign entities are entitled to hold a maximum of 49% shares in an LLC, accordingly, Borosil Afrasia FZE holds 49% shares in the said LLC.

Subsequently, the Company acquired two more wholly owned subsidiaries namely:

Borosil Technologies Limited (formerly known as Borosil Glass Limited) - with effect from April 17, 2018.

Acalypha Realty Limited (formerly known as Borosil International Limited) - with effect from May 28, 2018.

The Company has one more subsidiary namely Klass Pack Private Limited (Klasspack), in which the Company holds 60.3% share; the said company is in the process of making a Right Issue of Equity Shares to meet cost of its expansion plans. Klasspack is engaged in the manufacture and supply of pharmaceutical vials and ampoules to the Pharmaceutical industry for over 15 years and has its manufacturing facilities at Nashik, Maharashtra.

Gujarat Borosil Limited (GBL) was an associate company of the Company till May 6, 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', GBL has become a subsidiary of the Company effective from May 07, 2018, as the Company controls more than one-half of the total voting power in GBL.

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

The Company has formulated a Policy on material subsidiaries of the Company. The said policy is available on the website of the Company at http://www.borosil.com/doc_files/Policy%20for%20Determining%20Material%20Subsidiaries.pdf

PERFORMANCE OF SUBSIDIARY & ASSOCIATES

Hopewell Tableware Private Limited:

During FY18, the company achieved Revenue from Operations of ₹ 102.1 crores as against ₹ 99.4 crores in FY17, registering a growth of 2.7%.

The Company's Loss After Tax Reduced from ₹ 12.8 crores in FY17 to ₹ 7.5 crores in FY18.

Klasspack Private Limited:

During FY18, the company achieved Revenue from Operations of ₹ 40.5 crores as against ₹ 24.3 crores in FY17, registering a growth of 67%. Figure for previous years are not comparable as Borosil acquired this company in July, 2016.

The Company's Loss After Tax was ₹ 0.3 crores in FY18 against Profit of ₹ 0.5 crores in FY17.

Borosil Afrasia FZE:

During FY18, the company achieved Revenue from Operations of ₹ 0.8 crores as against ₹ 0.9 crores in FY17.

The Company's Loss After Tax Reduced from ₹ 0.9 crores in FY17 to ₹ 0.7 crores in FY18.

Gujarat Borosil Limited:

During FY18, the company achieved Revenue from Operations of ₹ 199.8 crores as against ₹ 188.3 crores in FY17, registering a growth of 6.1%.

The Company's Profit After Tax (PAT) was ₹ 7.0 crores in FY18 against ₹ 14.1 crores in FY17.

CONSOLIDATED FINANCIAL STATEMENTS

As per Section 129(3) of Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company, along with Borosil Afrasia FZE (Subsidiary), Borosil Afrasia Middle East Trading LLC (Step down subsidiary) Hopewell Tableware Private Limited (Subsidiary), Klasspack Private Limited (Subsidiary), Gujarat Borosil Limited (in which the Company exercises control more than 50% of the voting rights as per Indian Accounting Standard (Ind- AS) 110) and Fennel Investment and Finance Private Limited (associate company). Apart from standalone annual accounts, consolidated accounts, Statement containing salient features on financial statements of subsidiary in Form AOC 1, the individual standalone financial statement of all subsidiary/associate as mentioned above will be uploaded on the website of the Company as per Section 136 of the Companies Act, 2013.

The Company will provide a copy of separate audited financial statements in respect of its subsidiaries to any shareholder of the Company who asks for it and the said annual accounts will also be kept open for inspection at the Registered Office of the Company and that of the subsidiary companies.

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Indian Accounting Standards (Ind-AS) viz. Ind- AS 110,117,112 and 28 issued by the Institute of Chartered Accountants of India, forms part of this Annual Report.

Listing of Equity Shares of the Company on National Stock Exchange of India Limited

During the year under review on December 28, 2017, the Company made an application with the National Stock Exchange of India Limited (NSE) for listing of 2,31,00,000 Equity Shares of the Company on the said exchange. With effect from May 25, 2018 the said shares were listed and admitted to dealings on NSE.

BOARD OF DIRECTORS, ITS MEETINGS, EVALUATION ETC.

Board Meetings

The Board of Directors of the Company met five times during the year on May 13, 2017; August 10, 2017; November 02, 2017; February 08, 2018 and March 30, 2018.

Independent Directors

The Company has four Independent Directors namely Mr. U.K. Mukhopadhyay, Mr. Naveen Kumar Kshatriya, Mr. S. Bagai and Mrs. Anupa R. Sahney, all of them having tenure upto March 31, 2019.

Declaration by Independent Directors

The Company has received declaration of independence in terms of Section 149(7) of Companies Act, 2013 from the above mentioned Independent Directors.

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. The Remuneration policy is attached herewith as an 'Annexure B' 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.borosil.com/doc_files/Policy%20relating%20to%20remuneration%20for%20the%20Directors,%20Key%20Managerial%20Personnel%20and%20other%20employees.pdf

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, etc., which was presented to Independent Directors on February 08, 2018.

The details of the above programme are available on website of the Company at http://www.borosil.com/doc_files/Familiarization%20Programme%20for%20Independent%20Director-2018.pdf

Formal Annual Evaluation

The Formal Annual Evaluation has been made as follows:

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.

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 at a Separate Meeting of Independent Directors held under Chairmanship of Mr. U.K. Mukhopadhyay, Lead Independent Director (without attendance of Non-Independent Director and members of the management) on March 30, 2018.

3. The performance evaluation of following committees namely:

   1. Audit Committee
   2. Nomination and Remuneration Committee
   3. Corporate Social Responsibility Committee
   4. Share Transfer Committee

   was done by the Board of Directors at its meeting held on March 30, 2018. However, evaluation of Stakeholders Relationship Committee was done by the Board of Directors at its meeting held on May 30, 2018.

4. Performance evaluation of Non-Independent Directors namely Mr. B. L. Kheruka, Mr. P.K. Kheruka, Mr. Shreevar Kheruka and Mr. V. Ramaswami was done at a Separate Meeting of Independent Directors.

5. Evaluation of Independent Directors namely Mr. U. K. Mukhopadhyay, Mr. Naveen Kumar Kshatriya, Mr. S. Bagai and Mrs. Anupa R. Sahney was done (excluding the Director who was evaluated) by the Board of Directors' of the Company at its meeting held on March 30, 2018.

6. In addition, the Nomination and Remuneration Committee has carried out evaluation of every Director's performance at its meeting held on March 30, 2018 as required under Section 178 (2) of Companies Act, 2013.

7. The Directors expressed their satisfaction with the evaluation process. Performance evaluation of the Board, its various committees and directors including Independent Directors was found satisfactory.

APPOINTMENT / RE-APPOINTMENT OF DIRECTOR

As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. P. K. Kheruka (DIN 00016909) retires by rotation and, being eligible, offers himself for re-appointment.

Mr. Rajesh Kumar Chaudhary has been appointed as Additional Director, Whole Time Director and Key Managerial Personnel with effect from April 01, 2018.

Mr. V. Ramaswami, Whole Time Director of the Company retired from the Company with effect from March 31, 2018. The Board placed on record its appreciation for his valuable contribution to the Company during his tenure as a Whole Time Director

Brief details of the Director being appointed/ re-appointed have been incorporated in the Notice of 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.

KEY MANAGERIAL PERSONNEL

There is a change in the Key Managerial Personnel (KMP) of the Company with effect from April 1, 2018 as mentioned below.

KMP of the Company under Section 203 of the Companies Act, 2013 are as follows:

Sr. No.	Name	Designation
1	Mr. Shreevar Kheruka	Managing Director and Chief Executive Officer
2	Mr. Swadhin Padia	Chief Financial Officer
3	Ms. Gita Yadav	Company Secretary & Compliance Officer
4	Mr. Rajesh Kumar Chaudhary	Whole Time Director with effect from April 01, 2018

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance along with the Compliance Certificate from the Auditors is annexed hereto and forms part of this Report.

The Board of Directors of the Company has evolved and adopted a Code of Conduct and posted the same on the Company's website, 'www.borosil.com'. The Directors and senior management personnel have affirmed their compliance with the Code for the year ended March 31, 2018.

FIXED DEPOSITS

The Company has stopped accepting fresh fixed deposits since July 2006.

There are no unclaimed deposits.

DEVELOPMENT AND IMPLENTATION OF RISK MANAGEMENT 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 made a comprehensive policy on Risk Management.

RELATED PARTY TRANSACTIONS

The Company entered into various Related Party Transactions during the financial year which were in the ordinary course of business. The Company places before the Audit Committee all transactions that are foreseen and repetitive in nature on a quarterly basis.

The Company has formulated a policy on dealing with Related Party Transactions. This is available on the website of the Company at http://www.borosil.com/doc_files/Related%20Parties%20Transaction%20Policy.pdf

Particulars of Contracts or Arrangements entered into with Related Parties referred to in Section 188(1) of the Companies Act, 2013, in prescribed Form AOC-2 is attached as an 'Annexure - C' to this Report.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken projects in the areas of Education, Health and protection of sites of historical importance, which were in accordance with Schedule VII of the Companies Act, 2013. The Company contributed:

1. ₹ 1,00,000/- to Shri Ram Krishnan Cancer Hospital, Deoband, Uttar Pradesh for construction of pathology laboratory at hospital.
2. ₹ 1,00,000/- to Ramakrishna Mission, Khetri, Rajasthan for restoring ashrama building sanctified by Swami Vivekananda.
3. ₹ 7,60,532 to Manav Seva Mandal for its Global Parli project, which has been spent on:

    i) ₹ 1,00,000/- for providing library books at Moha School.
    ii) ₹ 5,50,000/- for constructing toilets / urinals at Moha School.
    iii) ₹ 62,532/- for refurbishing computers / laptops at Moha School.
    iv) ₹ 48,000/- for providing Android Tablet and its education contents at Moha School, Dist. Beed, Maharashtra.

4. ₹ 75,00,000/- to Borosil Foundation which in turn contributed to :

    a. JSW Foundation an amount of ₹ 50,00,000/- for its sports promotion project carried out by Indian Institute of Sport, (Vijayanagar, Karnataka), an Institution which is creating a cutting edge sporting facility a training centre for Indian Athlete for participating in international competitions like Olympic.

b. Saat Saath Arts an amount of ₹ 15,00,000/- towards cost of shipping and logistics of the artworks of the exhibition that will be part of the Sculpture Park at Madhavendra palace, Nahargarg Fort, Jaipur, Rajasthan.

c. Friends of Tribal Society an amount of ₹ 10,00,000/- to contribute towards cost of running 50 One Teacher School (OTS) called as Ekal Vidyalaya for imparting education in tribal areas.

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

1. Mr. B.L. Kheruka
2. Mr. Shreevar Kheruka
3. Mr. U.K. Mukhopadhyay (resigned with effect from April 12, 2018)
4. Mr. Naveen Kumar Kshatriya
5. Mr. S. Bagai (appointed with effect from April 12, 2018)

out of which Mr. U.K. Mukhopadhyay, Mr. Naveen Kumar Kshatriya and Mr. S. Bagai are Independent Directors.

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. This has been uploaded on the Company's website at http://www.borosil.com/doc_files/Corporate%20Social%20Responsibility.pdf

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 ₹ 83,87,000/-. The Company has contributed a sum of ₹ 84,60,532/- during the year.

The Company has jointly with Hopewell Tableware Private Limited (HTPL), wholly owned subsidiary and Gujarat Borosil Limited (GBL), a subsidiary of the Company constituted a Trust namely - 'Borosil Foundation' with the main objective of making CSR contributions by the Company, HTPL and GBL, from time to time. During the year under review the Company has contributed ₹ 75,00,000/- to Borosil Foundation which in turn contributed to other Trusts and Foundations.

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 D' to this Report.

Reason for non-spending balance CSR contribution: Not applicable

POSTAL BALLOT

During the year under review, your Company sought the approval of the Shareholders on the following Resolution for National Company Law Tribunal (NCLT) Convened Meeting notice dated September 25, 2017:

"Approval of the Scheme of Amalgamation of Hopewell Tableware Private Limited ('HTPL' or 'the Transferor Company 1'), Vyline Glass Works Limited ('VGWL' or 'the Transferor Company 2') and Fennel Investment and Finance Private Limited ('FIFPL' or 'the Transferor Company 3')with Borosil Glass Works Limited ('BGWL' or 'the Transferee Company') and their respective shareholders and creditors."

The results on the voting conducted through Postal Ballot process were declared on November 17, 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

Extract of Annual Return in Form MGT 9 is attached as an 'Annexure E' to this Report.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has Whistle Blower Policy to deal with instances of fraud and mismanagement.

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 is explained in the Corporate Governance Report, which form part of this Annual Report and also posted on the website of the Company at www.borosil.com.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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' REPORT

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.

AUDITORS

M/s. Pathak H.D. & Associates, Chartered Accountants, were appointed as Statutory Auditors of your Company for a term of five years from the conclusion of the 53rd Annual General Meeting held on August 10, 2016 till the conclusion of the 58th Annual General Meeting. Since then, proviso to sub-section (1) of Section139 of the Companies Act, 2013, which provided for ratification every year, has been deleted. However, since the resolution passed on August 11, 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.

COST RECORDS AND AUDIT

Under the Section 148 of the Companies Act, 2013, the Central Government has prescribed maintenance and audit of cost records vide the Companies (Cost Records and Audit) Rules, 2014 to such class of companies as mentioned in the Table appended to Rule 3 of the said Rules. CETA headings under which Company's products are covered are not included. Hence, maintenance of cost records and cost audit provisions are not applicable to the Company as of now.

SECRETARIAL AUDIT

Secretarial Audit Report dated June 18, 2018 by Mr. Virendra Bhatt, Practising Company Secretary (CP no.124) is attached herewith as an 'Annexure F' to this Report. The Secretarial Audit Report does not contain any qualification, reservations, observations or adverse remark by the Secretarial Auditors. Hence, there is no need of any explanation from the Board of Directors.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

I. Dividend

During the year under review, the Company had transferred ₹ 16,16,425/- Unpaid and Unclaimed Interim dividend for the financial year 2010-2011 to the Investor Education and Protection Fund (IEPF) on December 12, 2017.

There is an unpaid final dividend for the financial year 2010-11 which is due to be transferred to IEPF within 30 days from September 16, 2018, which is the last date for claiming the said unpaid dividend. The Company will transfer the amount within the due date.

II. Shares

During the year under review, the Company has transferred 4,29,080 Equity Shares of ₹ 1/- each held in 371 records in respect of which dividend 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 – 3 records, 4,250 Equity Shares
b. CDSL – Nil records, Nil Equity Shares
c. NSDL – 368 records, 4,24,830 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.

DIRECTORS' RESPONSIBILITY STATEMENT

Subject to disclosures in the Annual Accounts and also on the basis of the discussion with the Statutory Auditors of the Company from time to time, the Board of Directors state as under:

(a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) that we had selected such accounting policies and applied them consistently and made judgments 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 had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that we had prepared the annual accounts on a going concern basis;

(e) and that we, had laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.

(f) that we had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

A statement on Particulars of Loans, Guarantees and Investments is attached as an 'Annexure G' to this Report read with note 8, 9, 13 and 17 to the financial statements.

EMPLOYEES' SAFETY

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

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

The Company has in place a Policy for Prevention 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 Head Office and branch/sales offices 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 in the matter.

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

The information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 in respect of employees of the Company and Directors is attached as an 'Annexure H'.

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 as an 'Annexure I'.

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

The Company is engaged in trading activity and it did not carry out any Research & Development activities nor introduced any new technology during the year. Hence, Rule 8 (3) of the Companies (Accounts) Rules, 2014 are not applicable with respect to those details.

Particulars with regard to foreign exchange earnings and outgo during the year are as under:

	(₹ in lacs)
Foreign exchange earnings	1138.96
Foreign exchange outgo	4055.65

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.

OTHER DISCLOSURES:

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 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.
- 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.

ACKNOWLEDGEMENT

Your Directors record their appreciation for the co-operation received from the Employees, Customers and last but not least the shareholders for their unstinted support, during the year under review.

For and on behalf of the Board of Directors

B. L. Kheruka
Chairman
DIN 00016861

Place : Mumbai
Date : June 18, 2018