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BORAX MORARJI LIMITED

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THIRTYFIFTH ANNUAL REPORT

1998-99

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BORAX MORARJI LIMITED

DIRECTORS	R. M. GOCULDAS, Chairman Y. C. AMIN L. N. GOCULDAS D. S. PAREKH (Alternate to L. N. Goculdas) H. T. KAPADIA S. K. DIWANJI
PRESIDENT	B. L. GOCULDAS
COMPANY SECRETARY	V. A. VAKHARIA
AUDITORS	K. S. AIYAR & CO.
BANKERS	STATE BANK OF INDIA DENA BANK HDFC BANK LTD.
SOLICITORS	CRAWFORD BAYLEY & CO.
REGISTERED OFFICE	Taj Building 3rd Floor 210, Dr. D. N. Road, Mumbai 400 001 Tel. No.: 206 1393, 206 1394 Fax No.: 206 1396
WORKS	CHEMICAL DIVISION Mahatma Gandhi Road Ambarnath 421 501 Dist. Thane Maharashtra TIMBER DIVISION Nedumangad Road Shenbagaraman Puthur 629 304 Dist. Kanyakumari Tamil Nadu WIND MILL FARM (a) 1/198 Bhadrakali Puthur Gudimangalam P.O. 642 201 Dist. Coimbatore Tamil Nadu (b) Thoseghar Dist. Satara Maharashtra

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Notice

Notice is hereby given that the THIRTYFIFTH ANNUAL GENERAL MEETING of BORAX MORARJI LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), 76 Veer Nariman Road, Churchgate, Mumbai 400 020 on Thursday, 16th September, 1999 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 1999.
3. To appoint a Director in the place of Shri Y.C. Amin, who retires by rotation under Article 131 of the Articles of Association and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Shri S.K. Diwanji, who retires by rotation under Article 131 of the Articles of Association and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956; to the Board of Directors to mortgage immovable and movable assets of the Company situated at Village Thoseghar, District Satara in the State of Maharashtra in favour of Indian Renewable Energy Development Agency Ltd. (IREDA), New Delhi, for securing the Term Loan of Rs. 73,26,000/- (Rupees Seventy three lakhs twenty six thousand only) sanctioned by IREDA for the Company's Wind Farm Project No. 1009 and Rs. 1,47,60,000/- (Rupees one crore forty seven lakhs sixty thousand only) sanctioned by IREDA for Wind Farm Project No. 1136 at Village Thoseghar, District Satara in the State of Maharashtra."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and things as may be necessary for giving effect to this Resolution."

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

   "RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging/charging/hypothecating by the Board of Directors of the Company of all or any of the immovable and movable assets of the Company, both present and future and the whole or substantially the whole of the undertakings of the Company and in such form or manner as may be deemed fit by them, in favour of the Lenders whose names are set out hereunder in terms of their respective Loan Agreements/Letters of Sanction.

   (i) Dombivli Nagari Sahakari Bank Ltd., Dombivli (East) 421 201 for their long term working Capital facility of Rs. 300.00 lakhs to be secured by the Joint Equitable Mortgage of the Company's properties of Timber Division situated at Shenbagaraman Puthur, Kanyakumari District and Wind Mill Farm Project situated at Villages Gudimangalam and Metrathi, Tirupur District (both in the State of Tamil Nadu).

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(ii) SBI Commercial & International Bank Ltd., Nariman Point, Mumbai 400 021 for their Term Loan of Rs. 65.00 lakhs to be secured by Joint Equitable Mortgage on the Company's properties of Timber Division situated at Shenbagaraman Puthur, Kanyakumari District; and Wind Mill Farm Project situated at Villages Gudimangalam and Metrathi, Tirupur District (both in the State of Tamil Nadu) and also of Chemical Division situated at Ambarnath, Dist. Thane, Maharashtra State.

(iii) As and by way of second charge for fund based and non-fund based working capital facilities aggregating to Rs. 40.00 Crores granted by the Consortium of Bankers, viz., (i) State Bank of India, Commercial Branch, Mumbai 400 023 for Rs. 20.00 Crores (ii) Dena Bank, Mumbai Main Office, Mumbai 400 023 for Rs. 16.00 Crores (iii) HDFC Bank Ltd., Mumbai 400 018 for Rs. 4.00 Crores to be secured on the immovable properties of the Company's Timber Division situated at Shenbagaraman Puthur, Kanyakumari District and Wind Mill Farm Project situated at Villages Gudimangalam and Metrathi, Tirupur District (both in the State of Tamil Nadu) and also of Chemical Division situated at Ambarnath, Dist. Thane, Maharashtra State.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to finalise all matters pertaining, directly or indirectly and incidental to the proposed creation of *pari passu* charge/second charge on the immovable properties of the Company in favour of Bankers specified above and more specifically in respect of the manner, method/form of documentation as may deem fit necessary/expedient in the matter."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of the Articles of Association of the Company be and are hereby altered in the manner and to the extent set out hereinbelow:

(i) Existing Article 11 of the Articles of Association be deleted and in its place the following Article shall be substituted:-

Article 11 – Register and Index of Members

The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members and Debentureholders in accordance with Sections 150, 151 and 152 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996, shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or country outside India, a Register of Members for the residents in that State or country.

(ii) Existing Article 56 of the Articles of Association be deleted and in its place the following Article shall be substituted:

Article 56 – Directors may refuse to register transfers

Subject to the provisions of Section 111-A of the Companies Act, 1956, the Board may refuse to register any transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in the Company.

Provided however that the registration of a share shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;

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Provided further that in the event of refusal to register any such transfer of or the transmission of the right to any shares or interest of a member of the Company, the Company shall within two months from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of such refusal to the transferee and the transferor or the person giving intimation of such transmission, as the case be, giving reasons for such refusal.

(iii) Existing Article 144 be deleted and in its place the following Article shall be substituted:

Article 144 – Meetings of Board

Unless the Central Government by virtue of the proviso to Section 285 of the Act otherwise directs, a meeting of the Board of Directors of the Company shall be held at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

(iv) Existing Article 158 (11) be deleted and in its place the following Article shall be substituted:-

Article 158 – Certain powers of the Board

(11) Subject to the provisions of Sections 292, 293(1)(e), 295, 370(A), 372(A) and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

The following new Articles with marginal notes as indicated be inserted as Article 61(a), 61(b), 61(c) after the existing Article 61.

61(a) Nomination

1. Every shareholder or debentureholder of the Company may at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder, or as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

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61(b) Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect either–

(i) to be registered himself as holder of the share or debenture, as the case may be; or

(ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;

(iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased shareholder or debentureholder as the case may be;

(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

61(c) A depositor may, at any time, make a nomination and the provisions of Section 109A and 109B shall, as far as may be, apply to the nomination made pursuant to the provisions of Section 58(A)(11) of the Act.

The following new Article with marginal notes as indicated be inserted as Article 66(a) after Article 66 under the sub heading of Dematerialisation of Securities:

66(a) Dematerialisation of Securities

A. *Definitions:*

For the purposes of this Article, unless the context otherwise requires, the words indicated below shall have the following meanings:

(i) Beneficial Owner: "Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

(ii) Bye-laws: "Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

(iii) Depositories Act: "Depositories Act" means the Depositories Act, 1996 and any statutory modification or re-enactment thereof for the time being in force.

(iv) Depository: "Depository" means a company formed and registered under the Companies Act, 1956 (1 of 1956) ("the Act") and which has been granted a certificate of registration under sub-section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(v) Record: "Record" includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

(vi) Regulations: "Regulations" means the regulations made by SEBI;

(vii) SEBI: "SEBI" means the Securities and Exchange Board of India;

(viii) Security: "Security" means such security as may be specified by SEBI from time to time;

(ix) Shareholder or Member: "Shareholder" or "Member" means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every

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person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

B. *Dematerialisation of Securities:*

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

C. *Option for Investors*:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

D. *Securities in depositories to be in fungible form*:

All Securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

E. *Rights of Depositories and Beneficial Owners:*

i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or an other right in respect of the securities held by it.

iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. *Depository to furnish information*:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of Electronic mode or by delivery of floppies and discs.

G. *Option to opt out in respect of any security:*

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

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The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. *Sections 83 and 108 of the Act not to apply:*

Notwithstanding anything to the contrary contained in the Articles–

i. Section 83 of the Act shall not apply to the shares with a Depository;

ii. Section 108 of the Act shall not apply to transfer of security effected by the Transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. *Register and Index of Beneficial Owners*:

The Register and Index of Beneficial owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Securityholders as the case may be for the purposes of these Articles.

J. *Intimation to Depository:*

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of Allotment of securities thereof to the Depository within 7 days on allotment of such securities.

K. *Stamp duty on securities held in dematerialised form*:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

L. *Applicability of the Depositories Act*:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. *Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:*

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except, as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."

By Order of the Board
V. A. VAKHARIA
Company Secretary

Registered Office:
Taj Building, 3rd floor,
210, Dr. D. N. Road,
Mumbai- 400 001

Mumbai, 19th July, 1999.

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NOTES:

(1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(2) An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item Nos. 6 to 8 is hereto annexed.

(3) The Register of Members and Share Transfer Books of the Company willl remain closed from Wednesday, 1st September, 1999 to Thursday, 16th September, 1999 (both days inclusive).

(4) The Dividend, if declared, will be paid on and from 15th October, 1999 to those Members who are entitled thereto and whose names appear on the Register of Members of the Company as on 16th September, 1999.

(5) Members are requested to notify the Company of any change, in their address (in full) with Postal Pin Code Number, quoting their Folio Numbers.

(6) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report at the Meeting.

(7) The unclaimed dividends for the financial year ended 3lst March, 1995 and previous years declared by the Company have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mill Compound, 2nd Floor, Dattaram Lad Marg, Kala Chowky, Mumbai 400 033.

Members who have not encashed their Dividend Warrants for the financial year ended 31-3-96, 31-3-97 and 31-3-98 are requested to write to the Company's Share Department at the Registered Office mentioning the relevant Folio No. (s) and enclosing the dividend warrant for cancellation and issue of Draft in lieu thereof.

(8) Members/Proxies should bring Attendance Slip duly completed for attending the Meeting.

(9) Queries on accounts and operations of the Company, if any, may please be sent to the Company at least seven days in advance of the meeting so that the answers may be made readily available at the Meeting.

(10) Members are requested to furnish their bank account numbers and names and addresses of the Bank Branches to enable the Company to print these details in the Dividend Warrants to be posted to their residential addresses. This would provide protection against fraudulent encashment thereof by unscrupulous elements. In response to this request, while many members had furnished the details sought, a large number of them have yet to provide the information. They are once again requested to furnish in their own interest these details quoting their folio numbers. If there is any change in the earlier mandate, e.g. change in the name of the Bank or Branch, please give the fresh mandate (copy enclosed).

(11) Members who are holding the equity shares in identical order of names in more than One Folio are requested to write to the Company enclosing their Share Certificates to consolidate their holdings in One Folio.

(12) The introduction of Section 109A by the Companies (Amendment) Act, 1999 provides for Nomination by the Shareholders of the Company in the prescribed Form 2B. A copy of the said Form 2B is enclosed. The shareholders who desire to avail of this facility should return the form duly signed to the Share Department of the Company at the Registered Office.

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Annexure to the Notice

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 6

The Indian Renewable Energy Development Agency Ltd. (IREDA), New Delhi, has granted a Term Loan of Rs. 73.26 lakhs for financing the second Wind Mill Project of the Company situated in the village Thoseghar, District Satara, in the Maharashtra State (Project No. 1009). They have further sanctioned a loan of Rs.147.60 lakhs for setting up additional 2 Nos. of 225 KW Wind Mill Farm under Project No.1136.

The loan is secured/to be secured by mortgage of immovable properties and hypothecation of all movable assets of Wind Farm at Thoseghar Village (District Satara, Maharashtra State).

As the mortgage/charge may amount to a disposal of the Company's undertakings, it is proposed to pass the Resolution as stated in this item of the Notice in terms of the provisions contained in Sec. 293(1)(a) of the Companies Act, 1956.

The Directors accordingly recommend the Resolution for your approval.

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

Item No. 7

Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially the whole of any such undertaking.

Mortgaging/charging by the Company of its immovable and movable assets in favour of the Lenders as detailed in the Resolution may be regarded as disposal of the whole or substantially the whole of the said undertaking(s) of the Company and therefore requires consent of the Company pursuant to Sec. 293(1)(a) of the Companies Act, 1956.

Accordingly consent of the Members is sought for creation of mortage/charge as set out in the Resolution.

The Board of Directors recommend the Resolution for your approval.

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

Item No. 8

With the introduction of the Depositories Act, 1996 and the Depositories System, some of the provisions of the Companies Act, 1956 relating to the Issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Company may join the Depository System and it is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in Resolution at item No. 8 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the securities in such a system.

The Companies (Amendment) Act, 1999 has introduced facility of transmission of shares/ securities by nomination. To give effect to this, it is proposed to include Articles providing for Nomination. Article 11, 56, 144 and 158(11) are substituted with a view to bring them in accordance with the provisions of the Companies Act, 1956 as amended.

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