

BORAX MORARJI LIMITED



THIRTYSEVENTH ANNUAL REPORT

2000-2001

BORAX MORARJI LIMITED

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| DIRECTORS | R. M. GOCULDAS, Chairman Y. C. AMIN L. N. GOCULDAS D. S. PAREKH (Alternate to L. N. Goculdas) S. K. DIWANJI B. L. GOCULDAS H. T. KAPADIA, Managing Director |
| COMPANY SECRETARY | M. E. MONSERRATE |
| AUDITORS | K. S. AIYAR & CO. |
| BANKERS | STATE BANK OF INDIA DENA BANK HDFC BANK LTD. |
| SOLICITORS | CRAWFORD BAYLEY & CO. |
| REGISTERED OFFICE | Prospect Chambers, 317/21, Dr. D. N. Road, Mumbai 400 001 |
| REGISTRAR & TRANSFER AGENTS | M/s. MCS Ltd. Venkatesh Bhavan, Plot No. 27, Road No. 11, MIDC Area, Andheri (E), Mumbai 400 093. |
| WORKS | <p>CHEMICAL DIVISION Mahatma Gandhi Road Ambarnath 421 501 Dist. Thane Maharashtra</p> <p>TIMBER DIVISION-DTA & EOU Nedumangad Road Shenbagaraman Puthur 629 304 Dist. Kanyakumari Tamil Nadu</p> <p>WIND MILL FARM (a) 1/198 Bhadrakali Puthur Gudimangalam P.O. 642 201 Dist. Coimbatore Tamil Nadu (b) Thoseghar/Maloshi/Vankusawade Dist. Satara Maharashtra</p> |

BORAX MORARJI LIMITED**Notice**

Notice is hereby given that the THIRTYSEVENTH ANNUAL GENERAL MEETING of BORAX MORARJI LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020 on Wednesday, the 12th September, 2001 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, 2001 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, 2001.
3. To appoint a Director in the place of Shri R.M. Goculdas, 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 Y.C. Amin, 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, 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/ hypothecating by the Board of Directors of the Company of certain specified immovable and movable assets of the Company in favour of The Dombivli Nagari Sahakari Bank Ltd., Dombivli (East) 421201 for their term loan of Rs.135.00 lakhs by extending the existing Joint Equitable Mortgage on the properties of the Timber Division of the Company situated at Shenbagaraman Puthur, Kanyakumari District and also on the properties of the Wind Mill Farm situated at Villages Gudimangalam and Metrathi, Tirupur District (both in the State of Tamil Nadu)".

"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 the above Resolution."

By Order of the Board of Directors

MARIA E. MONSERRATE
Company Secretary

Registered Office :
Prospect Chambers,
317/21, Dr. D. N. Road,
Fort,
Mumbai 400 001.
Mumbai, 23rd July, 2001

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 THE 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 Sec. 173 (2) of the Companies Act, 1956 in respect of the Special Business under Item 6 is hereto annexed.
- (3) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 30th August, 2001 to Wednesday, the 12th September, 2001 (both days inclusive).
- (4) The Dividend, if declared, will be paid on and from 19th September, 2001 to those Members who are entitled thereto and whose names appear on the Register of Members as on 12th September, 2001. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 30th August, 2001 as per details furnished by the Depositories.

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- (5) Members are requested to notify the Registrars & Transfer Agents of the Company, M/s. MCS Ltd., Sri Venkatesh Bhavan, Plot No. 27, Road No.11, MIDC Area, Andheri (East), Mumbai 400 093 of any change, in their address with Postal Pin Code Number, quoting their Folio Numbers.
- (6) As per the Circular Notice No. 84620/2001 dated 26th April, 2001 received from the Stock Exchange, Mumbai, trading in the Equity Shares of the Company has become compulsory in dematerialised form for all investors with effect from 7th May, 2001. Those of the Members who have not yet dematerialised their shares, are advised to contact a Depository Participant for dematerialising the shares held. International Securities Identification Number (ISIN) INE 658B01015
- (7) 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 to the Meeting.
- (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) The unclaimed dividends for the financial year ended 31st 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.
- (11) Members may please note that as per the Companies (Amendment) Act, 1999, dividend which remain unpaid/unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund which shall be constituted by the Central Government under Sec. 205A(1) and 205C of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrant(s) so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to write to the Registered Office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

Annexure to Notice

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

Item No. 6 :

The Dombivli Nagari Sahakari Bank Ltd. (DNSB), Dombivli (East) 421 501 has sanctioned a Term Loan of Rs. 1,35,00,000/- (Rupees one crore thirty five lakhs only) against hypothecation of specific plant & machinery financed by them at Chemical Division at Ambarnath, Maharashtra and Timber Division at Tamil Nadu.

As a collateral security for this loan, DNSB has requested for extension of charge on the immovable assets of the Company at its Timber Division at Shenbagaraman Puthur in Kanyakumari Dist. and at its Wind Mill Farm at Villages Gudimangalam and Metrathi in Tirupur Dist. both in the State of Tamil Nadu ranking pari passu with the SBI Commercial and International Bank Ltd., (SBICI) for its term loan of Rs. 65.00 lakhs.

As mortgage/charge may amount to a disposal of the Company's undertakings, it is proposed to pass the Resolution as stated in item 6 of the Notice in terms of the provisions contained in Sec. 293(1)(a) of the Companies Act, 1956.

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

By Order of the Board of Directors

MARIA E. MONSERRATE
Company Secretary

Registered Office :
Prospect Chambers,
317/21, Dr. D. N. Road,
Fort,
Mumbai 400 001.

Mumbai, 23rd July, 2001

BORAX MORARJI LIMITED**Highlights of Progress Over Five Years**

| | | 1996-97 Rs. lakhs | 1997-98 Rs. lakhs | 1998-1999 Rs. lakhs | 1999-2000 Rs. lakhs | 2000-2001 Rs. lakhs |
|---|-----------|----------------------|----------------------|------------------------|------------------------|------------------------|
| 1. TURNOVER: (Excluding Excise Duty) | | | | | | |
| Domestic Sales | | 4,911.59 | 5,790.46 | 6,750.22 | 6,010.84 | 5,844.69 |
| Export Sales | | 124.16 | 128.19 | 169.32 | 79.92 | 173.31 |
| Total Turnover | | 5,035.75 | 5,918.65 | 6,919.54 | 6,090.76 | 6,018.00 |
| 2. PROFIT: | | | | | | |
| For the year before Tax | | 118.60 | 179.99 | 241.29 | 203.90 | 83.34 |
| For the year after Tax | | 103.60 | 145.99 | 207.29 | 181.90 | 76.24 |
| 3. CAPITAL: | | | | | | |
| Equity Capital (including Bonus & Rights Issue) | | 301.31 | 301.31 | 301.31 | 301.31 | 301.31 |
| Redeemable Preference Capital | | — | 175.00 | 175.00 | 175.00 | 175.00 |
| 4. RESERVES & SURPLUS: (Excluding Revaluation Reserves) | | | | | | |
| Capital Reserve | | 15.00 | 15.00 | 15.00 | 35.00 | 35.00 |
| Share Premium Account | | 191.92 | 191.92 | 191.92 | 191.92 | 191.92 |
| Capital Redemption Reserve | | — | — | 43.75 | 78.75 | 113.75 |
| General Reserve | | 687.15 | 737.15 | 787.16 | 817.15 | 817.15 |
| Profit & Loss Account | | 29.66 | 37.79 | 29.82 | 25.02 | 9.45 |
| Total Reserves & Surplus | | 923.73 | 981.86 | 1,067.65 | 1,147.84 | 1,167.27 |
| 5. DIVIDEND: | | | | | | |
| Amount on Equity Capital | Rs. lakhs | 66.29 | 75.33 | 90.39 | 90.39 | 30.13 |
| % of Paid-up Equity Capital | % | 22 | 25 | 30 | 30 | *10 |
| Amount on Preference Capital | Rs. lakhs | — | #4.54 | 19.25 | 19.25 | 19.25 |
| % of Paid-Up Redeemable Preference Capital | % | — | 11 | 11 | 11 | 11 |

* Proposed Dividend # Prorata basis

Directors' Report

The Directors have pleasure in presenting their Thirtyseventh Annual Report together with the audited accounts of the Company for the year ended 31st March, 2001.

| FINANCIAL RESULTS | | 2000-2001 | 1999-2000 |
|-------------------|---|-----------------|-----------------|
| | | Rs. in lakhs | Rs. in lakhs |
| | Turnover | <u>6,731.12</u> | <u>6,793.55</u> |
| | GROSS PROFIT | 228.94 | 352.09 |
| | Less: Depreciation | <u>145.60</u> | <u>148.19</u> |
| | | 83.34 | 203.90 |
| | Less: Provision for Taxation | <u>7.10</u> | <u>22.00</u> |
| | | 76.24 | 181.90 |
| | Add: Balance brought forward from the Previous Year | <u>25.01</u> | <u>29.82</u> |
| | Amount available for appropriation is | <u>101.25</u> | <u>211.72</u> |

Your Directors have made the following Appropriations:

| | | |
|--|---------------|---------------|
| (i) Interim Dividend (at Rs.3 per Equity Share) | — | 90.39 |
| (ii) Proposed Dividend on Equity Shares | 30.13 | — |
| (iii) Dividend paid on 11% Cumulative Redeemable Preference Shares | 19.25 | 19.25 |
| (iv) Corporate Dividend Tax | 7.42 | 12.06 |
| (v) Capital Redemption Reserve | 35.00 | 35.00 |
| (vi) Transfer to General Reserve | — | 30.00 |
| (vii) Balance carried to Balance Sheet | 9.45 | 25.02 |
| | <u>101.25</u> | <u>211.72</u> |

Turnover Details (including excise duty):

| | | |
|-----------------------|-----------------|-----------------|
| Boron Based Products | 5,977.23 | 6,258.20 |
| Borotik | 630.87 | 440.72 |
| EOU – Wooden Products | 61.07 | 19.97 |
| Others | 61.95 | 74.66 |
| | <u>6,731.12</u> | <u>6,793.55</u> |

TURNOVER & PROFITS

The turnover at Rs. 6,731.12 lakhs is marginally lower than that of the previous year's turnover at Rs. 6,793.55 lakhs.

The gross profit for the year at Rs. 228.94 lakhs is lower as compared to Rs. 352.09 lakhs for the previous year which is mainly due to increase in the manufacturing cost of Borax and Boric Acid coupled with a reduction in their selling prices necessitated by the stiff competition in the Boron market.

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Depreciation for the year is Rs. 145.60 lakhs against Rs. 148.19 lakhs for the previous year. Provision for Taxation (MAT) works out to Rs. 7.10 lakhs as compared to Rs. 22.00 lakhs for the previous year. Profit for the year after taxation is Rs. 76.24 lakhs against Rs. 181.90 lakhs for the previous year. After adding Rs. 25.01 lakhs being the balance brought forward from the previous year, total amount available for appropriation works out to Rs. 101.25 lakhs against Rs. 211.72 lakhs for the previous year.

DEMATERIALISATION OF SHARES

Electronic trading of the Company's Equity Shares has been made compulsory by the Securities & Exchange Board of India (SEBI) from 7th May, 2001.

CAPITAL REDEMPTION RESERVE

During the year 1998-99 a Special Reserve, viz, "Capital Redemption Reserve" was created for redemption of 17,50,000 Cumulative Redeemable Preference Shares of Rs. 10/- each, amounting to Rs. 175.00 lakhs due for redemption on 4th January, 2003. A sum of Rs. 35.00 lakhs has been transferred to this Reserve during the year.

DIVIDEND

The Directors recommend dividend of 11% on 17,50,000 Cumulative Redeemable Preference Shares of Rs.10/- each amounting to Rs. 1,75,00,000/- for the financial year ended 31st March, 2001. This will absorb Rs. 19,25,000/- and has been fully adjusted against the Interim Dividend of Rs. 19,25,000/- paid by the Company during the financial year ended 31st March, 2001.

The Directors also recommend a dividend of Re. 1/- per Equity Share (10%) on 30,13,132 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2001 (Previous Year 30%) which if approved at the forthcoming Annual General Meeting will be paid to those whose names appear:

- (i) as Beneficial Owners at the end of the business hours on 29th August, 2001 as per the list to be furnished by the National Security Depository Ltd. and the Central Depository Services (India) Ltd. in respect of the Equity Shares held in electronic form; and
- (ii) as Members in the Register of Members of the Company after giving effect to all valid transfers in physical form lodged with the Company on or before 30th August 2001.

OPERATIONS

During the year, production of Boron based products increased as compared to previous year. Sales of Boron products, in terms of quantity, was also higher. However, because of stiff competition in the market from small traders of imported Borax, the selling prices of Borax and Boric Acid were reduced. This resulted in lower sales realisation, eroding margins.

The Company continues its efforts to reduce the cost of raw-materials and other input costs which have started yielding good results.

Sale of Agribor, a micronutrient Boron fertilizer, increased during the year. This growth is expected to continue.

In Timber Division, both production and sales of Borotik increased during the year. While the production increased to 3788 CBM against 3096 CBM in the previous year, sales during the year also went up to Rs.691.94 lakhs from Rs. 460.69 lakhs for the previous year.

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Performance of the Wind Mill Farm during the year was better at Rs.102.48 lakhs against Rs.98.27 lakhs for the previous year.

ISO 9002

The Shareholders will be pleased to note that your Company's Chemical Division at Ambarnath has been awarded quality standard certificate ISO 9002: 1994 by Bureau Veritas Quality International, U.K. for manufacture and supply of:

(A) BULK BORON CHEMICALS :

(i) BORIC ACID OF DIFFERENT GRADES

(ii) BORAX OF DIFFERENT GRADES

(B) SPECIALITY BORON CHEMICALS.**POLLUTION & SAFETY**

Stringent controls and strict monitoring of liquid effluents are carried regularly to restrict pollution to the minimum and keep it within the limits prescribed by the statutory authorities.

NEW BUSINESS-ACTIVITY

In the Chemical Division, the Company is exploring markets for new products, both Speciality Boron products and other chemicals used in agriculture for improved crops. The initial market survey reveals that there is a good potential for these products.

In the Timber Division, efforts are being made to develop wooden products by using "Short Length BOROTIK" which is expected to find acceptance in the domestic and overseas markets.

In the Wind Mill Farm Division, one additional Wind Mill of 350 KW was installed in Satara (Maharashtra). Power generated by this Unit is being consumed by the Chemical Division at Ambarnath. With this, the Company produces more than 75% of its power requirement and is protected to that extent from inevitable increases in power tariff.

All these measures are expected to improve the profitability of the Company for the year 2001-2002.

PUBLIC DEPOSITS

Out of deposits maturing during the year, a total amount of Rs.3,29,000/- remained unclaimed as on 31st March, 2001 of which Rs.2,02,000/- has since been renewed/repaid. Necessary follow-up is being made with the remaining deposit holders.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company, Shri R. M. Goculdas and Shri Y. C. Amin retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Sec. 217 (2AA) of the Companies Act, 1956 (hereinafter referred to as the "Act"), your Directors confirm that:

(i) In the preparation of the Annual Accounts, the applicable accounting standards had been followed;

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(ii) they 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 as at 31st March, 2001 and of the profit of the Company for the year ended 31st March, 2001;

(iii) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) They had prepared the Annual Accounts on a going concern basis.

AUDITORS

Messrs K.S. Aiyar & Co., Chartered Accountants and Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. They have, under Sec. 224(1) of the Companies Act, 1956, furnished Certificate of their eligibility for re-appointment.

COST AUDITOR

To comply with the directive of the Government of India, Department of Company Law Affairs, Cost Audit Branch, New Delhi, the Board of Directors appointed Prof. V.J. Talati as the Cost Auditor on a remuneration of Rs. 30,000/- for the accounting year ending 31st March, 2002 for the audit of the cost accounts in respect of Boric Acid. The Central Government's approval has been received.

PARTICULARS OF EMPLOYEES

During the year ended 31st March, 2001 there was no employee within the purview of Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE

As per Sec. 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are set out in Annexure I to this Report.

ACKNOWLEDGEMENTS

The Directors are thankful to various Government Departments, Financial Institutions, Banks and Employees for their co-operation and assistance during the year.

For and on behalf of the Board of Directors
R. M. Goculdas
Chairman

Mumbai,
23rd July, 2001