

# **BORAX MORARJI LIMITED**



**THIRTYEIGHTH ANNUAL REPORT**

**2001-2002**

## BORAX MORARJI LIMITED

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

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## Notice

Notice is hereby given that THIRTYEIGHTH ANNUAL GENERAL MEETING of BORAX MORARJI LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), I.M.C. Marg, Churchgate, Mumbai 400 020 on Wednesday, the 18th September, 2002 at 11.30 a.m. to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March, 2002.
3. 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.
4. To appoint a Director in the place of Shri L.N. Goculdas 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 re-appointment of Shri Haridas T. Kapadia as the Managing Director of the Company, subject to Sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for a period of two years with effect from 1st April, 2002 made by the Board of Directors of the Company (hereinafter referred to as "the Board") vide its Resolution dated 31st July, 2002 (in supersession of its Resolution of 7th March, 2002) and the remuneration payable to Shri Haridas T. Kapadia pursuant to the aforesaid Resolution of 31st July, 2002 as set out in the Explanatory Statement to this Notice, be and is hereby approved."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to vary the terms of appointment and/or increase or revise remuneration and perquisites at any time(s) as the Board may deem appropriate and in such manner so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient and proper."

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 given in terms of Sec. 293(1)(a) of the Companies Act, 1956 and other applicable provisions, if any, to the creation by the Board of Directors of the Company of such mortgages, charges and hypothecation in addition to the existing mortgages, charges and hypothecations created by the Company as the Board may direct, on such assets of the Company, both present and future, in such manner as the Board may direct, in favour of all or any of the financial

institutions, investment institutions, public sector banks, private sector banks, any other bodies corporate and any other lender (hereinafter collectively referred to as "the Lending Agencies") to secure borrowings of the Company by way of loans on a pari passu basis or otherwise not exceeding Rs. 20.00 Crores which have been/are proposed to be obtained from Lending Agencies together with interest thereon at the agreed rates, further interest, liquidated damages, costs, charges, expenses and all other monies payable by the Company to the Lending Agencies under their respective agreements/loan agreements entered into/to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with the Lending Agencies the documents for creating the mortgages/charges/hypothecations and to accept or make any alterations/changes/ variations to or in the terms and conditions and to do all such acts, deeds, matters and things, and to execute all such documents and writings as it may consider necessary for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT, in accordance with the provisions of Foreign Exchange Management Act, 1999, Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force) and of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange, Mumbai, where the Company's Shares are listed and subject to the consent/approval of the Central Government, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other appropriate authorities and subject to such other approvals, permissions and consents as may be necessary and subject to such conditions and modifications, as may be required by any of them in granting such approvals, which are acceptable to the Board of Directors of the Company (hereinafter referred to as the "Board of Directors" which expression shall include a Committee of Directors) the consent of the Company be and is hereby accorded to the Board/Committee of Directors to offer/issue/allot 15,06,566 Equity Shares of Rs. 10/- each at a premium of Rs. 3/- per Share, aggregating to Rs. 1,95,85,358/- (hereinafter referred to as the "Issue") on Rights basis to the existing Equity Shareholders of the Company, in the ratio of one Equity Share for every Two Equity Shares held on a record date to be fixed by the Board/Committee of Directors at a later date (fractional entitlements, if any, to be rounded off to the next higher integer) or to such person or persons, who may or may not be the shareholders of the Company, being renounees in whose favour the rights may be renounced by the respective shareholders provided that the Board may in its absolute discretion reject any such application without assigning any reason whatsoever."

"RESOLVED FURTHER THAT the offer aforesaid shall be made under a Letter specifying the number of Equity Shares offered and stipulating a time not less than one month (or within such time as may be extended by the Directors) from the date of offer within which time, the offer, if not accepted, will be deemed to have been declined; AND THAT after the expiry of the time specified in the Letter of Offer aforesaid or on receipt of earlier intimation from the person to whom such Letter of Offer is given that he declines to accept the Equity Shares offered, the Directors may dispose of the Shares in such manner as they think most beneficial to the Company."

"RESOLVED FURTHER THAT such of these shares as are not subscribed may be disposed of by the Board/Committee of Directors thereof to such person/s as the Board/Committee of Directors in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors/Bodies Corporate/such other person/s as the Board/Committee of Directors thereof may in its absolute direction decide."

“RESOLVED FURTHER THAT the offer aforesaid be made with option to the Shareholders to apply for Additional Shares provided that a Shareholder who has renounced his right in whole or in part shall not be entitled to an additional allotment.

AND THAT the allotment of Additional Shares to the applicants be made on an equitable basis in consultation with the Mumbai Stock Exchange and/or SEBI. If Additional Equity Shares applied for are not allotted, the amount paid on application thereof shall be refunded in due course without interest.”

“RESOLVED FURTHER THAT these 15,06,566 Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respects (including voting rights) pari passu with the existing Equity Shares except that these Equity Shares will only be entitled to pro-rata Dividend which may be declared or paid thereon from the date of allotment for the financial year in which the same are allotted.”

“RESOLVED FURTHER THAT the sum of Rs. 10/- towards the face value of each Equity Share together with the premium of Rs. 3/- shall be payable in full on application.”

“RESOLVED FURTHER THAT the allotment to Non-resident Shareholders shall be subject to the sanction of the Reserve Bank of India and such conditions that may be imposed in this regard.”

“AND RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board/Committee of Directors of the Company, be and is hereby authorised to finalise the Terms of Issue, the Form of Letter of Offer, to fix and announce the Record Date, to appoint Bankers to the issue and other agencies as may be required and to determine the terms and conditions of their appointment as may be deemed appropriate and give such directions, as they may, from time to time, think fit and proper and to do all such acts, deeds and things including settling any question, doubt or difficulty that may arise in regard to the offer, issue and allotment of the said Shares and execute such documents as the Directors/Committee of Directors in their absolute discretion consider necessary/desirable and pay any fees and commission and incur any expenses in relation thereto.”

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

“RESOLVED THAT, subject to the approval of the Reserve Bank of India and subject to the compliance of the provisions of the relevant laws as applicable from time to time and subject to such approvals, permissions and sanctions as may be required from the appropriate authorities while granting such approvals/permissions/sanctions, which the Board of Directors of the Company (hereinafter referred to as “the Board”) be and is hereby authorised to accept, the consent, authority and approval of the Company be and is hereby accorded to the Board to allow the holding by Non-resident Indians (NRIs) and/or Overseas Corporate Bodies (OCBs) Equity Shares of the Company acquired by market operations or otherwise with or without repatriation benefits in excess of 5% but not exceeding 49% of the total Paid-up Equity Share Capital of the Company or such other maximum limit as may be prescribed from time to time.”

**“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.”**

**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 Nos. 6 to 9 is hereto annexed.
- (3) The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 4th September, 2002 to Wednesday, 18th September, 2002 (both days inclusive).
- (4) The Dividend, if declared, will be paid on and from Wednesday, 25th September, 2002 to those members who are entitled thereto and whose names are on the Register of Members of the Company as on 18th September, 2002. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 3rd September, 2002 as per the details furnished by the Depositories.
- (5) As per the provisions of the Finance Act, 2002, dividend payments above Rs. 1000/- will be subject to deduction of tax at source. Shareholders, whose total income is not liable to be taxed may give a declaration in Form 15G if they desire to get dividends without deduction of tax at source. The declaration duly signed (in duplicate) by the concerned shareholder and giving the necessary details may be sent to the Company's Registrars, viz., MCS Ltd., Sri Venkatesh Bhuvan, Plot No. 27, Road No. 11, Andheri (East), Mumbai 400 093 so as to reach them on or before 4th September, 2002.
- (6) Members are requested to notify the Registrars & Transfer Agents of the Company, MCS Ltd., Sri Venkatesh Bhuvan, 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.
- (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.

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- (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, Hakowba Mill Compound, 2nd Floor, Dattaram.Lad Marg, Kala Chowki, Mumbai 400 033.
- (11) Members may please note that as per the Companies (Amendment) Act, 1999, dividends which remain unpaid/unclaimed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund 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.

Mumbai, 31st July, 2002

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.

## Annexure to Notice

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

### Item No. 6 :

At the Thirtysixth Annual General Meeting of the Company held on 6th September, 2000, the Shareholders had approved appointment of Shri H.T. Kapadia as the Managing Director of the Company for a period of two years from 1st April, 2000. The terms of appointment of Shri Kapadia expired on 31st March, 2002.

The Board of Directors ("the Board") at its meeting held on 31st July, 2002 (in supersession of the Resolution of 7th March, 2002) re-appointed Shri Haridas T. Kapadia as the Managing Director of the Company for a period of two years with effect from 1st April, 2002.

The main terms of appointment, remuneration, perquisites, etc. of Shri Haridas T. Kapadia as Managing Director which are subject to the approval of the Members of the Company, are as under :

### Term

Period of appointment : Two years effective from 1st April, 2002, subject to earlier termination either by the Company or by him by six months' notice.

**Salary**

Rs. 65,000/- per month which may be revised to such other sum not exceeding Rs. 70,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.

**Perquisites**

In addition to the salary, Shri Haridas T. Kapadia will be allowed perquisites as specified below, monetary value of which shall be restricted to the ceiling laid down by the Central Government.

## CATEGORY "A"

- (i) (a) Housing : Furnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof not exceeding 60% of the salary.
- (b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on mediclaim policy, the total cost of which to the Company shall not exceed one month's salary in a year or two month's salary in block of two years.
- (iii) A personal accident insurance policy for his own benefit at the cost of the Company, the premium of which shall not exceed Rs. 4,000/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

## CATEGORY "B"

- (i) Company's contribution to Provident Fund.
- (ii) Gratuity as per Rules of the Company.
- (iii) Benefit of Company's Superannuation Scheme, subject to the condition that the Company's contribution thereto together with the contribution to Provident Fund are not taxable under the Income Tax Act, 1961.

## CATEGORY "C"

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the Car, the Company will bill the Managing Director.
  - (ii) Telephone at residence : All charges including rental and call charges for the telephone at residence being paid by the Company in full. For personal long distance calls, the Company will bill the Managing Director.
- Car with driver for use of Company's business and telephone at residence shall not be considered as perquisites.

The Managing Director shall further be entitled to :

- (i) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 20,000/- per annum.



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(ii) Leave with salary, allowance and other benefits as per the rules of the Company; Privilege Leave not exceeding one month a year or 1/11th duty period, and the leave accumulated but not availed may be encashed as per the Rules of the Company.

The monetary value of the perquisites will be evaluated as per the Income Tax Rules and be subjected to such ceiling as may be prescribed by the Central Government.

In the event of loss or inadequacy of profits in any year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956, as amended from time to time.

The above salary and perquisites will be subject to the provisions of Sections, 198, 309 and 349 of the Companies Act, 1956.

In view of Shri Kapadia's long association with the Company, it would be beneficial for the Company to continue to avail of his services. Accordingly the Directors recommend the Resolution.

This may be treated as an abstract of the terms of his appointment under Sec. 302 of the Companies Act, 1956.

None of the Directors except Shri H.T. Kapadia is concerned or interested in the aforesaid appointment.

**Item No. 7 :**

To meet the long time fund requirements of the Company from time to time, the Company is required to borrow money from various lending agencies. As a security for these borrowings the Company is required to create mortgages/charges, on certain movable and immovable properties of the Company as may be required under the terms of the borrowings.

In terms of Sec. 293(1)(a) of the Companies Act, 1956 it is necessary for the Company to obtain approval of the Members before creation of the mortgage/charge/hypothecation in favour of the lending agencies.

It is, therefore, proposed to obtain approval of the Shareholders for creating such mortgages/charges/hypothecations on the movable and immovable properties of the Company upto Rs. 20.00 Crores in favour of the lending agencies as set out in the Resolution under Item No. 7.

None of the Directors of the Company are concerned or interested in the Resolution.

**Item No. 8 :**

The 11% Cumulative Redeemable Preference Shares of Rs. 10/- each, aggregating to Rs. 1.75 Crores, privately placed, are due for redemption on 4th January, 2003.

Sec. 80 of the Companies Act, 1956 enables a Company to redeem the Preference Shares out of the proceeds of a fresh issue of shares made for the purposes of redemption.

Your Directors propose, subject to the approval of the Shareholders, to issue One Equity Share of Rs. 10/- each at a premium of Rs. 3/- per share, for every two Fully Paid-up Equity Shares of Rs. 10/- each, aggregating to Rs. 1,95,85,358/- Out of the proceeds of this Issue Rs. 1,50,65,660/- will be used for redemption of the Preference Shares on 4th January, 2003. The balance amount of Rs. 24,34,340/- will be utilized from the Capital Redemption Reserve.

The balance in the proceeds of the Right Issue, viz., Rs. 45,19,698, will be used to finance the Capital Expenditure required by both the Chemical and Timber Divisions.

All the Directors of the Company may be considered to be interested to the extent of their shareholdings, if any.

**Item No. 9 :**

Under the current Liberalisation Policy of the Government of India, relaxation has been made under the Portfolio Investment Scheme of Reserve Bank of India under which Non-Resident Indians (NRIs) and Overseas Corporate Bodies (OCBs) are permitted to make investments in shares and convertible debentures of Indian Companies. Upto now the limit of investment by NRIs and OCBs in a Company is subject to an overall ceiling of 24% (raised from 5% to 24%) of the Paid-up Value of each security of the Company with or without repatriation benefits. Indian Companies, listed on recognized Stock Exchanges of India, may, however, by passing a Special Resolution of the Shareholders, allow NRIs/OCBs to acquire shares/securities upto 49% of the Paid-up Value of each security of the Company instead of the increased 24%. At present, the shareholding of Non-Resident Shareholders aggregates to 4.92% of the Company's Paid-up Equity Share Capital. In order to take advantage of the above relaxation and encourage investment by NRIs in your Company, your Directors recommend the Resolution for your approval.

Shri L.N. Goculdas, being a Non-Resident Director, may be deemed to be concerned or interested in the passing of this Resolution. None of the other Directors are interested in passing this Resolution.

Mumbai, 31st July, 2002

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.