

BORAX MORARJI LIMITED

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FORTY FOURTH ANNUAL REPORT

2007-2008

BORAX MORARJI LIMITED

DIRECTORS	R. M. GOCULDAS, Chairman L. N. GOCULDAS D. S. PAREKH (Alternate to L. N. Goculdas) S. K. DIWANJI R. SANGHI B. L. GOCULDAS B. C. SHAH S. V. JOSHI H. T. KAPADIA, Managing Director
COMPANY SECRETARY	DILIP NAGLE
AUDITORS	K. S. AIYAR & CO.
BANKERS	STATE BANK OF INDIA DENA BANK INDIAN OVERSEAS BANK
SOLICITORS	CRAWFORD BAYLEY & CO.
REGISTERED OFFICE	Prospect Chambers, 317/21, Dr. D. N. Road, Mumbai 400 001
REGISTRARS & TRANSFER AGENTS	INTIME SPECTRUM REGISTRY LTD. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai 400 078.
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 1. Thoseghar/Maloshi/Vankusawade Dist. Satara Maharashtra 2. Nani Sindhodi Kutch Gujarat

BORAX MORARJI LIMITED**NOTICE**

Notice is hereby given that the FORTY FOURTH ANNUAL GENERAL MEETING of BORAX MORARJI LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Mumbai 400 020 on Wednesday, 23rd July, 2008 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, 2008 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, 2008.
3. To appoint a Director in the place of Mr. Bhoor Chand Shah, 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 Mr. Sanjeev V. Joshi, 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.

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) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 10th July, 2008 to Wednesday, 23rd July, 2008 (both days inclusive)
- (3) The dividend, if declared, will be paid on and from Wednesday, 30th July, 2008 to those members who are entitled thereto and whose names appear on the Register of Members of the Company as on 23rd July, 2008. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 9th July, 2008 as per the details furnished by the Depositories.
- (4) Members holding shares in physical form are requested to notify the Registrars & Transfer Agents of the Company of any change in their address with Postal Pin Code Number quoting their Folio Numbers. Members holding shares in electronic form may inform their respective depository participants of change in address.
- (5) 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.
- (6) Members/Proxies should bring Attendance Slip duly completed for attending the Meeting.
- (7) 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.
- (8) Members may please note that as per the Companies (Amendment) Act, 1999 dividend which remains unpaid/unclaimed over a period of 7 years has to be transferred to Investor Education & Protection Fund constituted by the Central Government under Sec. 205A(I) and 205C of the Companies Act, 1956 and no payments shall be made in respect of such claims by the Fund. It may be noted that the unclaimed dividend for the year financial year ended 31-3-2001 is due for transfer to the Investor Education & Protection Fund in September, 2008.
- (9) Shareholders who have not encashed the Dividend Warrant(s) for the financial years 2000-2001, 2001-2002, 2004-2005, 2005-2006 and 2006-2007 are requested to write to the Registered Office of the Company without any delay.

By Order of the Board of Directors

H. T. KAPADIA
Managing Director

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

17th June, 2008

ANNEXURE TO NOTICE DATED JUNE 17TH, 2008
DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT
AT THE FORTHCOMING ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT)

Name of the Director	Mr. Bhoor Chand Shah	Mr. Sanjeev V. Joshi
Date of Birth	January 25, 1933	November 8, 1959
Date of Appointment on the Board	January 28, 2005	March 31, 2005
Qualifications/Expertise in specific functional areas	B.Com., LL.B., F.C.A. Leading professional with wide experience in corporate finance	B.Com., A.C.A. Practising Chartered Accountant with wide experience in corporate finance
Directorships held in other public Companies	Nil	Nil
Memberships/Chairmanships of Committees across Public Companies	Nil	Nil
Shareholding	Nil	527



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The Last Five Years

	2003-04 Rs. Lakhs	2004-05 Rs. Lakhs	2005-06 Rs. Lakhs	2006-07 Rs. Lakhs	2007-08 Rs. Lakhs	
1. TURNOVER: (Excluding Excise Duty)						
Domestic Sales	4,411.48	4,454.45	4,616.92	5,504.37	7,374.21	
Export Sales	178.34	381.33	571.29	525.21	545.36	
Total Turnover	4,589.82	4,835.78	5,188.21	6,029.58	7,919.57	
2. PROFIT/(LOSS):						
For the year before Tax	(219.79)	182.51	277.74	377.81	584.34	
For the year after Tax	(146.43)	135.81	191.63	242.83	375.75	
3. CAPITAL:						
Equity Capital (including Bonus & Rights Issue)	451.97	451.97	451.97	451.97	451.97	
4. RESERVES & SURPLUS: (Excluding Revaluation Reserves)						
Capital Reserve	35.00	35.00	35.00	35.00	35.00	
Share Premium Account	222.45	222.45	222.45	222.45	70.37#	
General Reserve	213.78	263.78	358.78	441.79	616.79	
Profit & Loss Account	—	16.32	20.18	36.67	76.99	
Total Reserves & Surplus	471.23	537.55	636.41	735.91	799.15	
5. DIVIDEND:						
Amount on Equity Capital	Rs. Lakhs	—	63.28	81.36	99.43	158.19*
% of Equity Capital	%	—	14	18	22	35*
Amount on Redeemable Preference Capital	Rs. Lakhs	6.34@	—	—	—	—

* Proposed dividend.

@ Pro-rata dividend paid on redemption of preference shares on 27th June, 2003.

After adjustment for diminution in value of investment in shares.

Directors' Report (including Management Discussion and Analysis Report)

The Directors have pleasure in presenting their Forty Fourth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2008.

	2007-2008 Rs. in lakhs	2006-2007 Rs. in lakhs
FINANCIAL RESULTS		
Turnover (including Excise Duty)/Income from Operations	8,826.85	6,865.92
Gross Profit	786.06	554.27
Less: Depreciation	201.72	176.46
Profit before Taxation	584.34	377.81
Provision for Taxation		
Current Tax	128.00	148.00
Fringe Benefit Tax	5.41	4.90
Deferred Tax	75.18	(17.92)
Profit after Tax	375.75	242.83
Add: Excess tax provision for earlier years written back	24.64	—
Balance brought forward from Previous Year	36.67	20.18
Amount available for appropriation	437.06	263.01
Your Directors have made the following appropriations:		
(i) Proposed Dividend	158.19	99.44
(ii) Corporate Dividend Tax	26.88	16.90
(iii) Transfer to General Reserve	175.00	110.00
(iv) Balance carried to Balance Sheet	76.99	36.67
	437.06	263.01
Turnover (including Excise Duty)/Income from Operations		
Boron Based products	7,894.17	6,475.69
Borotik	173.01	277.65
Wind Mill Farm	59.50	44.16
Others	700.17	68.42
	8,826.85	6,865.92

DIVIDEND

Taking note of the improved performance of the Company during the year and the current trends, the Directors recommend declaration of a dividend of 35%, i.e., Rs. 3.50 per share, on 45,19,698 Equity Shares of Rs. 10/- each, for the financial year ended 31st March, 2008 (Previous year – 22%) 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 9th July, 2008 as per the list to be furnished by the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. in respect of the Equity Shares held in electronic form;
- (ii) as Shareholders 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 10th July, 2008.

MANAGEMENT DISCUSSION & ANALYSIS

(a) Overview of operations:

Since last year, there has been steady growth in the performance of the Chemical Division, and during the year, the Chemical Division showed further improvement across all major parameters. The sale of Boron products during the year, both in terms of volume and value, went up by 22% in comparison with the sales for 2006-2007.

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The gross profit before depreciation and taxation jumped by 41.82% to Rs. 786.06 lakhs from Rs. 554.27 lakhs for the previous year. After providing Rs. 201.72 lakhs for Depreciation (Previous year – Rs. 176.46 lakhs), the profit before taxation for the year increased by 54.67% to Rs. 584.34 lakhs.

Provision for Taxation (Current, Deferred and Fringe Benefit Taxes) for the year worked out to Rs. 208.59 lakhs against Rs. 134.98 lakhs for 2006-2007.

The net profit for the year works out to Rs. 375.75 lakhs against Rs. 242.83 lakhs for the previous year, i.e., an increase by 54.74%. This is the highest ever net profit achieved by the Company since its inception in 1963.

After writing back Rs. 24.64 lakhs being excess tax provision for earlier years and adding Rs. 36.67 lakhs being the balance brought forward from the previous year, the amount available for appropriation increased to Rs. 437.06 lakhs from Rs. 263.01 lakhs for the previous year.

As regards performance of the Timber Division for the year, the sales turnover declined to Rs. 205.41 lakhs from Rs. 339.96 lakhs for 2006-2007 mainly because of non-availability of Rubber Wood on account of increase in the price of natural rubber. The performance was also affected by the discontinuance of the operations from the last quarter of the year consequent upon the various steps taken by the Company for sale of this Division.

Due to low wind velocity during the year coupled with complete break-down of one of the Wind Turbine Generators, the Wind Mill Farm at Satara, Maharashtra, generated 14,08,479 units of electricity compared to 17,12,420 units for the previous year. On 29th September, 2007, the Company commissioned a Wind Mill Farm of 600 KW capacity at Kutch, Gujarat and upto 31st March, 2008, this Wind Mill Farm generated 3,56,013 units of electricity which were sold to the Gujarat Urja Vikas Nigam under the Power Purchase Agreement.

(b) Prospects in the industry:*Chemical Division (Boron products)*

The Chemical Division of the Company which is engaged in the manufacture of Boron products is today an acknowledged leader in the manufacture of Boron Chemicals and has a diverse product profile. With its strong technical background and sound marketing network, it has expanded the geographical coverage both in India and abroad with total commitment to achieve customer satisfaction.

The R & D Division of the Company continues its efforts to develop successfully Boron based Speciality products. The Company's range of products includes Boric Acid SQ Grade (for use in the manufacture of electrolytic capacitor, catalyst, as a reagent grade chemical), Disodium Octaborate Tetrahydrate (micronutrient in agriculture) and Zinc Borate (flame retardant chemical).

The demand for Borax and Boric Acid as well as that of the Boron based Speciality Products developed by the Company has shown remarkable progress during the last couple of years both in the domestic and international markets, and in particular in European markets. Exports of Chemical Products to European countries are being regulated by an "European Body" called REACH (Registration Evaluation & Authorisation of Chemicals). According to the regulations of this Body, for the purpose of exports of Boron Products by your Company to European countries, your Company is required to have its authorised entity registered there to ensure compliance of the prevailing regulations. Accordingly, your Company has incorporated a Wholly Owned Subsidiary (WOS) in Germany, viz., Borax Morarji (Europe) GmbH, with a nominal capital of 25,000 Euro.

During the year, the sale of conventional Boron Product went up by 20% while in respect of the Speciality Boron Products the increase in sales varied between 40% and 50%. Your Company continues its market share of 60% and efforts are on to improve the same.

As regards use of Borax as a micronutrient in agriculture, your Company's efforts to popularise "Agribor" are yielding encouraging results. Recently, the Vasantdada Sugar Institute, Pune, conducted experimental trials on sugar which showed an increase in yield of 15-18% by applying 5-10 Kgs. of "Agribor" in soil per hectare. Similar trials were conducted on oil seeds, cotton, soyabean, etc. in Tamil Nadu and Gujarat which also showed excellent results. Enthused by this, your Company proposes to popularise use of "Agribor" as a micronutrient in agriculture in Maharashtra by conducting similar trials and demonstrations. About 10 acres of land with coconut, mango and cashew trees in the Konkan region of Maharashtra has been identified for conducting research & development activities and demonstrations on these cash crops.

As the Members are aware, the Company has acquired 90,103 sq. mtrs. of land at Dahej (in Gujarat) for extending the facilities for manufacture of Boron Chemicals.

Your Company is committed to total customer satisfaction by offering quality products at reasonable price, followed by excellent customer service. A net work of dealers all over India, built up over last four decades provides full support and service to customers. This is expected to enable the Company to increase its market share to 75% and beyond of the Indian Boron

Chemical market. Further, our Quality Management System of Chemical Division has been certified by Bureau Veritas Quality International (BVQI) to be in accordance with ISO 9001:2000 quality standards for manufacture and supply of bulk Boron chemicals and Specialty Boron Chemicals. The Management continues to do its best and exceed customer requirements with regard to quality and reliability of all our products and services by continuous improvement in all its operations.

Timber Division

In order to focus on its core business activity, your Company, with the approval of its Shareholders, decided to dispose of its Timber Division at Tamil Nadu. An "Agreement for Sale" for this purpose was entered into and the Purchaser has paid Rs. 94.00 lakhs towards the consideration of Rs. 361.00 lakhs. Upon receipt of the balance consideration, the sale deed is expected to be registered in August, 2008.

Wind Mill Farm

The units of electricity generated by the Wind Mill Farm at Satara are being made use of to meet part of the electricity requirements of the Chemical Division at Ambarnath resulting in savings on account of electricity bill. The units of electricity generated by the Wind Mill Farm at Kutch, Gujarat, are being sold to the Gujarat Urja Vikas Nigam under the Power Purchase Agreement.

(c) Adequacy of internal controls

The Company has an independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly. This system also complies with the suggestions of the Statutory Auditors of the Company, if any, from time to time. The internal control systems are supplemented by regular reviews by the management of the Company.

(d) Human Resource Development

As a matter of routine, the Company undertakes periodic review of its HR policies and encourages the best performance at all times. The Company also provides regular training to its workforce which allows employees to keep themselves abreast of the changing environment as well as develop new skills.

(e) Cautionary Statement

Certain statements in the "Management Discussion and Analysis Section" may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

POLLUTION & SAFETY

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

PUBLIC DEPOSITS

Out of deposits maturing during the year, a total amount of Rs. 4,26,000/- remained unclaimed as on 31st March, 2008 of which Rs. 1,22,000/- has since been renewed/repaid. Necessary follow-up is being made with 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, Mr. Bhoor Chand Shah and Mr. Sanjeev V. Joshi retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

ISSUE OF RIGHTS SHARES

The issue of Rights Shares in the ratio of 1:1, i.e., 1 (one) New Fully Paid-up Equity Share of Rs. 10/- at a premium of Rs. 20/- for every 1 (one) existing Equity Share of Rs. 10/- each is expected to open in August/September 2008.

OBSERVATIONS OF THE AUDITORS IN THEIR REPORT TO THE MEMBERS

With regard to the observations under Sr. Nos. 4 (g) and (h) of the Auditors in their Report to the Members on the Audited Accounts for the year ended 31st March, 2008, as explained under Note Nos. 13 and 14 of Schedule M – Notes to the Accounts, provision for (a) Rs. 61.13 lakhs (Previous year Rs. 170.70 lakhs), in view of the arrangements/steps taken by the Management for recovery

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of this amount (b) the amount of Rs. 71.65 lakhs receivable from the Insurance Company, in view of this matter being scheduled for final disposal on 28th June, 2008 before the State Consumer Redressal Commission, Mumbai, the Management considers that no provision in the Accounts in this regard is necessary.

SECURITIES PREMIUM ACCOUNT

The Company's Petition to utilize Rs. 1,52,06,378/- out of the balance of Rs. 2,22,44,507/- in the Securities Premium Account to provide/adjust the diminution in value in respect of the Company's investments in the 2,34,196 equity shares of The Dharamsi Morarji Chemical Co. Ltd. (DMCC) has been confirmed by the Hon'ble High Court, Bombay. Pursuant to the Order of the Hon'ble Court dated 11th April, 2008, the Securities Premium Account of the Company is henceforth reduced from Rs. 2,22,44,507/- to Rs. 70,38,129/-.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 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;
- (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, 2008 and of the profit of the Company for the year ended 31st March, 2008;
- (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 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.

PARTICULARS OF EMPLOYEES

During the year ended 31st March, 2008, 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 AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As per Sec. 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the 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 to this Report.

CORPORATE GOVERNANCE

The Company has complied with the provisions of Corporate Governance under the Listing Agreement with the Stock Exchange for the year 2007-2008. A separate report on Corporate Governance is sent herewith as part of the Annual Report along with the Auditors' Certificate on compliance.

ACKNOWLEDGMENTS

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,
17th June, 2008

Annexure

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. Conservation of Energy

- | | |
|---|---|
| (a) Energy Conservation Measures taken | Installation of Frequency Converter to optimise power consumption at various rotating equipments. |
| (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy | Being studied. |
| (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | Reduction in the cost of production. |

FORM A

(Form for disclosure of particulars with respect to conservation of energy)

A. Power and Fuel Consumption

	Current Year (ended on 31-3-2008)	Previous Year (ended on 31-3-2007)
1. Electricity:		
(a) Purchased:		
Units/KWH	39,46,964	34,58,766
Total amount (Rs. lakhs)	190.26	149.53
Rate/Unit Rs.	4.82	4.32
(b) Own generation:		
(i) Through Diesel Generator:		
Units/KWH	3,203	4,489
Units per litre of Diesel Oil	2.49	2.66
Cost of Unit of Diesel Oil Rs./KWH	15.09	13.58
(ii) Through Wind Mill Farm:		
Units/KWH	16,66,891	16,78,522
2. Coal:		
Quantity (Tonnes) (Grade varies from A to D)	6,248	1,715
Total Cost (Rs. lakhs)	255.66	66.17
Average rate (Rs./Tonne)	4,092	3,857
3. Furnace Oil/Diesel Oil/		
Quantity (litres)	3,728	6,507
Total amount (Rs. lakhs)	1.38	2.33
Average rate (Rs./litre)	37.02	35.81

B. Consumption per unit of production:

Product:	Current Year (ended 31-3-2008)			Previous Year (ended 31-3-2007)		
	Elec. Units (KWH)	Diesel/L.D. Oil (litre)	Coal (MT)	Elec. Units (KWH)	Diesel/L.D. Oil (litre)	Coal (MT)
Borax	55	—	—	55	—	—
Boric Acid	245	—	—	240	—	—
Boric Acid SQ	450	—	—	400	—	—
Chemically Treated Wood	330	—	—	330	—	—