

BORAX MORARJI LIMITED



FORTY FIFTH ANNUAL REPORT

2008-2009

BORAX MORARJI LIMITED

DIRECTORS	<p>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 (<i>upto 31-03-2009</i>), Chief Executive Officer & Manager (<i>from 01-04-2009</i>)</p>
COMPANY SECRETARY	DILIP S. 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	M/S. LINK INTIME INDIA PVT. LTD. (formerly Intime Spectrum Registry Ltd.) C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (W) Mumbai 400 078
WORKS	<p>CHEMICAL DIVISION Mahatma Gandhi Road Ambarnath 421 501 (Dist. Thane) Maharashtra</p> <p>TIMBER DIVISION Nedumangad Road Shenbagaraman Puthur 629 304 Dist. Kanyakumari Tamil Nadu</p> <p>WIND MILL FARM</p> <ol style="list-style-type: none"> 1. Thoseghar/Maloshi/Vankusawade Dist. Satara Maharashtra 2. Nani Sindhodi Kutch, Gujarat

BORAX MORARJI LIMITED**NOTICE**

Notice is hereby given that the FORTY FIFTH 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, the 2nd September, 2009 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, 2009 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, 2009.
3. To appoint a Director in the place of Shri Ranjan Sanghi, 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 R. M. 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 a Special Resolution:

"RESOLVED THAT, the appointment of Shri Haridas T. Kapadia, as the Chief Executive Officer & Manager of the Company, subject to the provisions of Sections 198, 269, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, for a period of one year with effect from 1st April, 2009 made by the Board of Directors of the Company (hereinafter referred to as the "Board") vide its resolution passed at its meeting held on 30th March, 2009 and the remuneration payable to Shri Haridas T. Kapadia pursuant to the aforesaid resolution as set out in the Explanatory Statement to this Notice be and is hereby approved."

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

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 Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item No. 6 is hereto annexed.
- (3) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, 20th August, 2009 to Wednesday, 2nd September, 2009 (both days inclusive)
- (4) The dividend, if declared, will be paid on and from Wednesday, 9th September, 2009 to those members who are entitled thereto and whose names appear on the Register of Members of the Company as on 2nd September 2009. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 19th August, 2009 as per the details furnished by the Depositories.
- (5) 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 and bank account details.
- (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 to the Meeting.
- (7) Members/Proxies should bring Attendance Slip duly completed for attending the Meeting.

FORTY FIFTH ANNUAL REPORT

- (8) 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.
- (9) 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 the Investor Education & Protection Fund constituted by the Central Government under Sec. 205A(l) 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 financial year ended on 31-3-2002 is due for transfer to the Investor Education & Protection Fund in October, 2009.
- (10) Shareholders who have not encashed the Dividend Warrant(s) for the financial years 2001-2002, 2004-2005, 2005-2006, 2006-2007 and 2007- 2008 are requested to write to the Registered Office of the Company without any delay.

By Order of the Board of Directors

(Dilip S. Nagle)
Company Secretary

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

31st July, 2009

Annexure to Notice

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

Item No. 6

At the Forty-third Annual General Meeting of the Company held on 21st August, 2007, the Shareholders had approved re-appointment of Mr. Haridas T. Kapadia as the Managing Director of the Company for a period of two years from 1st April, 2007. Upon the expiry of this term of tenure on 31st March, 2009, Mr. H. T. Kapadia resigned as the Managing Director w.e.f. 1st April, 2009.

However, in order that the Company continues to avail of the benefit of experience of Mr. H. T. Kapadia, having been associated with the Company for more than 2 decades, the Board, at its meeting held on 30th March, 2009, appointed, Mr. H. T. Kapadia as the Chief Executive Officer & Manager [as defined in Sec. 2(24) of the Companies Act, 1956 (hereinafter referred to as the "CEO")] of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company on 2nd September, 2009, for a period of 1 (one) year from 1st April, 2009.

Mr. Kapadia shall be in charge of the management of the affairs of the Company subject to the superintendence, control and direction of the Board of Directors.

Subject to the provisions of Section 198 of the Companies Act, 1956, the remuneration and other terms and conditions relating to the appointment of Mr. H. T. Kapadia which are subject to the approval of the Members of the Company are as under:

Term

Period of appointment: 1 (one) year effective from 1st April, 2009 subject to earlier termination by the Company or by him by three months' notice.

Salary

Rs. 85,000/- per month

Perquisites

In addition to the salary, Mr. H. T. Kapadia will be allowed perquisites as specified below, monetary value of which shall not exceed his annual salary.

BORAX MORARJI LIMITED**Category "A"**

- (A) (i) House rent allowance of Rs.15,000/- per month.
(ii) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (B) Medical benefits for self and spouse
Reimbursement of medical expenses actually incurred and reimbursement of premium paid on mediclaim policy, the total cost of which to the Company in the year shall not exceed one month's salary.
A personal accident insurance policy for your own benefit at the cost of the Company the premium of which shall not exceed Rs. 4,000/- in the year.
- (C) Leave Travel Concession: Actual fares, rail or air, for self and spouse once during the year to and from any place in India.
- (D) Fees of Clubs, subject to maximum of two clubs, provided that no life membership fee or admission fee is paid.

Category "B"

- (A) Company's contribution to Provident Fund and Superannuation Fund provided that such contribution shall not exceed the limit laid down under the Income Tax Act, 1961;
- (B) Gratuity payable at the rate not exceeding half month's salary for the completed year of service.

Category "C"

- (A) A car with driver for use for the business of the Company and for your personal use. For personal use of the car, the Company will bill the CEO.
- (B) 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 CEO. Car with Driver for use of Company's business and telephone at residence shall not be considered as perquisites.

The CEO will further be entitled to:

- (a) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 20,000/- in the year.
- (b) Leave with salary, allowance and other benefits as per the Rules of the Company. Privilege leave not exceeding one month in the year or 1/11th of duty period and you will be entitled to encash the leave but not availed as per the Rules of the Company.
- (c) 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.
- (d) In the event of loss or inadequacy of profits in the year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956 as amended from time to time.
- (e) The above salary and perquisites will be subject to the provisions of Sections 198, 269, 349 and Schedule XIII of the Companies Act, 1956.

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

None of the Directors of the Company is concerned or interested in the aforesaid resolution.

By Order of the Board of Directors

(Dilip S. Nagle)
Company Secretary

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

31st July, 2009

ANNEXURE TO NOTICE DATED 31ST JULY 2009
DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT
AT THE FORTHCOMING ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT)

Name of the Director	Mr. Ranjan Sanghi	Mr. R.M. Goculdas
Date of Birth	6-5-1944	9-4-1917
Date of Appointment on the Board	27-7-2005	1-7-1979
Qualifications/Expertise in specific functional areas	B.Com., LL.B. Associated with automobile industry since over 29 years and is Director of Sah & Sanghi Group of Companies, currently managing the manufacturing trading and investment operations of Sah & Sanghi Group of Companies/Firms	B.A., Industrialist with very wide experience in industry, trade, commerce, corporate affairs and international trade.
Directorships held in other public Companies	Bagalkot Cement & Industries Ltd. Kemp & Company Ltd. Amzel Ltd. HDFC Trustee Co. Ltd. Morarjee Textiles Ltd. G.P. Electronics Ltd. Suraj Sanghi Finance Ltd.	The Dharamsi Morarji Chemical Co. Ltd.
Memberships/Chairmanships of Committees across Public Companies	BAJAJ AUTHO FIN. LTD. – Member – Audit Committee; Investors' Grievance Committee; Remuneration Committee MORARJI TEXTILES LTD. – Chairman- Audit & Remuneration Committee HDFC TRUSTEE CO. LTD. – Member Audit Committee, Risk Management Committee; Customer Services Committee BAGALKOT CEMENT & IND. LTD. Member – Remuneration & Audit Committee	THE DHARAMSI MORARJI CHEMICAL CO. LTD. – Chairman – Investors Grievance/ Share Transfer Committee
Shareholding	Nil	3,69,017

BORAX MORARJI LIMITED

The Last Five Years

	2004-05 Rs. Lakhs	2005-06 Rs. Lakhs	2006-07 Rs. Lakhs	2007-08 Rs. Lakhs	2008-09 Rs. Lakhs	
1. TURNOVER: (Excluding Excise Duty)						
Domestic Sales	4,454.45	4,616.92	5,504.37	7,374.21	6842.18	
Export Sales	381.33	571.29	525.21	545.36	478.44	
Total Turnover	4,835.78	5,188.21	6,029.58	7,919.57	7320.62	
2. PROFIT/(LOSS):						
For the year Before Tax	182.51	277.74	377.81	584.34	528.62	
For the year After Tax	135.81	191.63	242.83	375.75	388.78	
3. CAPITAL:						
Equity Capital (including Bonus & Rights Issue)	451.97	451.97	451.97	451.97	451.97	
Redeemable Preference Capital						
4. RESERVES & SURPLUS: (Excluding Revaluation Reserves)						
Capital Reserve	35.00	35.00	35.00	35.00	25.00	
Share Premium Account	222.45	222.45	222.45	70.38#	70.38	
General Reserve	263.78	358.78	441.79	616.79	666.79	
Profit & Loss Account	16.32	20.18	36.67	76.99	234.21	
Total Reserves & Surplus	537.55	636.41	735.91	799.15	996.38	
5. DIVIDEND:						
Amount on Equity Capital	Rs. Lakhs	63.28	81.36	99.43	158.19	158.19*
% of Equity Capital	%	14	18	22	35	35*

* Proposed dividend.

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 Fifth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2009.

	2008-2009 Rs. in lakhs	2007-2008 Rs. in lakhs
FINANCIAL RESULTS		
Turnover (including Excise Duty)/Income from Operations	<u>8,264.46</u>	<u>8,826.85</u>
Gross Profit	734.61	786.06
Less: Depreciation	<u>205.99</u>	<u>201.71</u>
Profit before Taxation	528.62	584.34
Provision for Taxation		
Current Tax	189.00	128.00
Fringe Benefit Tax	5.25	5.41
Deferred Tax	<u>(54.41)</u>	<u>75.18</u>
Profit after Tax	388.78	375.75
Add: Excess tax provision for earlier years written back	3.51	24.64
Balance brought forward from Previous Year	76.99	36.67
Amount available for appropriation	<u>469.28</u>	<u>437.06</u>
Your Directors have made the following appropriations:		
(i) Proposed Dividend	158.19	158.19
(ii) Corporate Dividend Tax	26.88	26.88
(iii) Transfer to General Reserve	50.00	175.00
(iv) Balance carried to Balance Sheet	234.21	76.99
	<u>469.28</u>	<u>437.06</u>
Turnover (including Excise Duty)/Income from Operations		
Boron Based products	7,808.51	7,894.17
Borotik	10.31	173.01
Wind Mill Farm	117.31	59.50
Others	328.33	700.17
	<u>8,264.46</u>	<u>8,826.85</u>

DIVIDEND

The Directors recommend a dividend of Rs. 3.50 per Equity Share (35%) on 45,19,698 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2009 (Previous Year – Rs. 3.50 per share – 35%) 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 19th August, 2009 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 20th August, 2009.

MANAGEMENT DISCUSSION & ANALYSIS**(a) Overview of operations:**

The turnover for the year at Rs. 8,264.46 lakhs is lower than that of the previous year's turnover at Rs. 8,826.85 lakhs mainly due to the shut down of Timber Division. As regards performance of the Chemical Division, despite global economic recession and the resultant lower demand, the decline in turnover to Rs. 7,808.51 lakhs from Rs. 7,894.17 lakhs for the previous year is negligible. Considering the impact of the global recession, the performance of the Chemical Division for the year can be considered satisfactory.

Performance of the Wind Mill Farm showed improvement at Rs. 117.31 lakhs against Rs. 59.50 lakhs for the previous year consequent upon first full year operation in respect of the Wind Mill at Kutch during 2008-2009 coupled with increased generation of electricity at Satara on account of better wind velocity and minimum breakdown.

The gross profit before depreciation and taxation worked out to Rs. 734.61 lakhs against Rs. 786.06 lakhs for the previous year. The decline in profit is primarily due to exchange loss of Rs. 340.85 lakhs against a gain of Rs. 68.80 lakhs in the preceding year. Also included in the exceptional expenditure is an amount of Rs. 34.66 lakhs (Previous Year – Rs. Nil) being compensation paid to the employees of the Timber Division of the Company pursuant to an arrangement for the sale of this Division. As a prudent policy, the Board decided to write off an amount of Rs. 75.80 lakhs (Previous Year – Rs. 39.36 lakhs) out of Sundries Receivable. At the same time, efforts are being continued for recovery of the dues.

After providing Rs. 205.99 lakhs for depreciation (Previous Year Rs. 201.72 lakhs) the profit before taxation for the year was Rs. 528.62 lakhs compared to Rs. 584.34 lakhs for the previous year.

Provision for Taxation (Current, Deferred and Fringe Benefit Taxes) for the year worked out to Rs. 139.84 lakhs compared to Rs. 208.59 lakhs for 2007-2008. The reduction is mainly on account of reversal of deferred tax liability provided earlier.

The net profit for the year worked out to Rs. 388.78 lakhs compared to Rs. 375.75 lakhs for the previous year.

After writing back Rs. 3.51 lakhs (Previous Year – Rs. 24.64 lakhs) being excess tax provision for earlier years and adding Rs. 76.99 lakhs (Previous Year Rs. 36.67 lakhs) being the balance brought forward from the previous year, the amount available for appropriation was Rs. 469.28 lakhs compared to Rs. 437.06 lakhs for the previous year.

The Company's Wind Mill Farm at Satara, Maharashtra and at Kutch Gujarat, generated 19,65,078 units and 11,86,793 units respectively against 14,08,479 units and 3,56,013 units respectively in the previous year. The generation of electricity at Satara was more because of better wind velocity and increased operating hours as compared to previous year. Generation of electricity at the Wind Mill Farm at Kutch was more as compared to previous year because in 2008-2009 this Unit operated for the full year as against Six months during 2007-2008. The units of electricity generated at Satara are consumed by the Chemical Division at Ambarnath while the units generated at Kutch are sold at Rs. 3.37 per unit to Gujarat Urja Vikas Nigam under a Power Purchase Agreement.

(b) Prospects for the industry:*Chemical Division*

The year under review witnessed a global economic slowdown. Also, the U.S. Dollar became stronger vs. Indian Rupee. This badly affected the performance for the year of almost all the industries in India.

The global economy has been showing signs of revival and in this scenario a reasonably improved performance of the Chemical Division can be foreseen during the years ahead.

For the past several years, the Company has been steadily demonstrating that by the use of Boron as a micronutrient in agriculture, a better yield upto 40% on various crops can be achieved. Our Boron products have already been exported to various countries for the said use in agriculture and we expect to increase the sales of our agricultural Boron products in India also.

As per the Report of International Crops Research Institute for Semi-Arid Tropics [(ICRISAT – affiliated to World Bank)] and conducting experiments on soils in all parts of India with its counterpart in India Bharatiya Agro Industries Foundation – (BAIF)] has held in its recent survey that there is wide spread deficiency of boron in the soil, in almost all the States in India.

Encouraged by the better yield consequent upon application of Boron as a micronutrient in agriculture, in order to conduct research on a continuous basis and to educate farmers by demonstrations of the benefits of use of Boron in agriculture, the Company has purchased agricultural land at Ratnagiri, Maharashtra. It is expected that there will be further increase in the sale of boron for use in agriculture in the years ahead with such field demonstration exercises.

Apart from the traditional Boron products, the Company has also successfully developed and marketed various speciality chemicals for industrial as well as agricultural use, both in the domestic and international markets.

We are also exploring possibilities of developing new products containing multiple micronutrients such as Zinc, Sulphur, Calcium, Magnesium and Boron for use in agriculture.

With the expected growth in demand consequent upon the improvement in the markets, both domestic and overseas, the Company expects better contribution of Boron and Speciality products towards the profits of the Company in the coming years.

Yet another market survey conducted by the Company also reveals that there is a growing demand for Borax/Boric Acid in some industries, such as Dyes, Glass, Ceramic, Pharmaceutical, Agrochemical and Steel, and accordingly steps have been taken up to increase the production capacity.

With the proposed Rights Issue coupled with improved cashflow consequent upon the sale of Timber Division, the interest burden in the years ahead would be reduced.

Timber Division

Members are aware that in order to enable the Company to focus on its core business activity, viz., manufacture and sale of boron products, your Company, with the approval of its shareholders, decided to dispose of its Timber Division at Tamil Nadu and an Agreement for Sale was entered into with a prospective buyer. Unfortunately, the party could not adhere to the payment schedule as agreed upon. Therefore, pursuant to the provisions of the said Agreement for Sale, after forfeiting the earnest money of Rs. 25.00 lakhs, the Company terminated the said Agreement with the party. Negotiations with a new prospective buyer were held and an Agreement for Sale of the Timber Division, viz., part and parcel of land, building, plant and machinery, etc. for a consideration not exceeding Rs. 361.00 lakhs has been entered with the said new prospective buyer. The Agreement also provides for payment by the buyer for the current assets, if any, at the time of registration of the sale. The said new prospective buyer has deposited a sum of Rs. 150.00 lakhs and it is expected that upon payment of the balance amount, the sale will be over during the first week of August, 2009.

The margin of the Company was being eroded by the loss of the Timber Division for quite some time in the past and upon sale of the Timber Division the overall profit margin is expected to grow in the forthcoming years.