
BORAX MORARJI LIMITED



FORTY SIXTH ANNUAL REPORT

2009-2010



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OUR BELOVED CHAIRMAN
LATE SHRI R. M. GOCULDAS
(9th April, 1917 – 9th November, 2009)
— — — — —

BORAX MORARJI LIMITED

| | |
|--|--|
| DIRECTORS | R. M. GOCULDAS, Chairman (till 9th November, 2009) L. N. GOCULDAS, Chairman (from 10th November, 2009) B. L. GOCULDAS MITIKA L. GOCULDAS (from 2nd December, 2009) D. S. PAREKH (Alternate to Mitika L. Goculdas) S. K. DIWANJI R. SANGHI B. C. SHAH (till 30th June, 2010) S. V. JOSHI |
| CHIEF EXECUTIVE OFFICER | H. T. KAPADIA |
| 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 |
| WEBSITE | www.boraxmorarji.com |
| REGISTRAR & 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 Tel. No. 022-25963838 |
| WORKS | CHEMICAL DIVISION Mahatma Gandhi Road Ambarnath 421 501, (Dist. Thane) Maharashtra Tel. No. 0251-2682271/72 TIMBER DIVISION (till 27th August, 2009) 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 |

Notice

Notice is hereby given that the FORTY SIXTH 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 Friday, the 3rd September, 2010 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, 2010 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, 2010.
3. To appoint a Director in the place of Mr. 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 Mr. B. L. 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 Ms. Mitika Laxmikumar Goculdas who was appointed as an Additional Director w.e.f. 2nd December, 2009, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to this Annual General Meeting and for the appointment of whom, the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to retirement by rotation.”

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

“RESOLVED THAT, the re-appointment of Mr. 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, 2010 made by the Board of Directors of the Company (hereinafter referred to as the “Board”) vide its resolution passed at its meeting held on 21st January, 2010 and the remuneration payable to Mr. 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 and 7 are hereto annexed.
- (3) The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 21st August, 2010 to 3rd September, 2010 (both days inclusive).

- (4) The dividend, if declared, will be paid on and from 13th September, 2010 to those Members who are entitled thereto and whose names appear on the Register of Members of the Company as on 20th August, 2010. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on 20th August, 2010 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.
- (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) Shareholders who have not encashed the Dividend Warrant(s) for the financial years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 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

Date: 28th July, 2010.

Annexure to Notice

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

Item No. 6:

Ms. Mitika Laxmikumar Goculdas was appointed as Additional Director of the Company on 2nd December, 2009 by the Board of Directors of the Company under Article 119 of the Articles of Association of the Company.

According to the provision of Section 260 of the Companies Act, 1956 she holds office as Director only upto the date of the 46th Annual General Meeting of the Company. A notice in writing along with a deposit of Rs. 500/- (Rupees five hundred only) under Section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose Ms. Mitika L. Goculdas as a candidate for the office of Director.

The Board considers it desirable that the Company should continue to avail itself of her services. The Directors, therefore, recommend her appointment.

Ms. Mitika L. Goculdas is concerned or interested in the Resolution as it relates to her own appointment. Mr. L. N. Goculdas is also concerned or interested in the Resolution as it relates to appointment of his daughter. No other Directors are concerned or interested in the Resolution.

A brief resume of the Directors seeking appointment and re-appointment is set out in the report on Corporate Governance.

Item No. 7:

At the Forty-fifth Annual General Meeting of the Company held on 2nd September, 2009, the Shareholders had approved appointment of Mr. Haridas 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, for a period of one year from 1st April, 2009 to 31st March, 2010.

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 21st January, 2010, re-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 3rd September, 2010, for a period of 1 (one) year from 1st April, 2010.

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 re-appointment: 1 (one) year effective from 1st April, 2010 subject to earlier termination by the Company or by him by three months' notice.

(a) Salary:

Rs. 85,000/- per month.

(b) Perquisites.

In addition to the above, he will be entitled to the following perquisites, monetary value of which shall not exceed his annual salary.

Category "A"

(A) (i) House rent allowance of Rs. 30,000/- per month.

(ii) Expenditure in 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 his 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 of the Company's business and for his personal use. For personal use of the car, the Company will bill him.

(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 him.

Car with driver for use of Company's business and telephone at residence shall not be considered as perquisites.

He 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 he will be entitled to encash the leave 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 of 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 and other applicable provisions 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

Date: 28th July, 2010.

The Last Five Years

| | 2005-06 Rs. Lakhs | 2006-07 Rs. Lakhs | 2007-08 Rs. Lakhs | 2008-09 Rs. Lakhs | 2009-10 Rs. Lakhs | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------|
| 1. TURNOVER: (Excluding Excise Duty) | | | | | | |
| Domestic Sales | 4,616.92 | 5,504.37 | 7,374.21 | 6,842.18 | 6,555.22 | |
| Export Sales | 571.29 | 525.21 | 545.36 | 478.44 | 324.07 | |
| Total Turnover | 5,188.21 | 6,029.58 | 7,919.57 | 7,320.62 | 6,879.29 | |
| 2. PROFIT/(LOSS): | | | | | | |
| For the year Before Tax | 277.74 | 377.81 | 584.34 | 528.62 | 384.30 | |
| For the year After Tax | 191.63 | 242.83 | 375.75 | 388.78 | 259.33 | |
| 3. CAPITAL: | | | | | | |
| Equity Capital | 451.97 | 451.97 | 451.97 | 451.97 | 451.97 | |
| 4. RESERVES & SURPLUS: (Excluding Revaluation Reserves) | | | | | | |
| Capital Reserve | 35.00 | 35.00 | 35.00 | 25.00 | 25.00 | |
| Share Premium Account | 222.45 | 222.45 | 70.38# | 70.38# | 70.38# | |
| General Reserve | 358.78 | 441.79 | 616.79 | 666.79 | 696.79 | |
| Profit & Loss Account | 20.18 | 36.67 | 76.99 | 234.21 | 330.35 | |
| Total Reserves & Surplus | 636.41 | 735.91 | 799.15 | 996.38 | 1,122.52 | |
| 5. DIVIDEND: | | | | | | |
| Amount on Equity Capital | Rs. Lakhs | 81.36 | 99.43 | 158.19 | 158.19 | 112.99* |
| % of Equity Capital | % | 18 | 22 | 35 | 35 | 25* |

* Proposed dividend.

After adjustment for diminution in value of investment in shares.

Directors' Report (including Management Discussion and Analysis Report)

The Directors are pleased to present the Forty Sixth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2010.

| | 2009-2010 Rs. in lakhs | 2008-2009 Rs. in lakhs |
|---|---------------------------|---------------------------|
| FINANCIAL RESULTS | | |
| Turnover (Excluding Excise Duty)/Income from operations | <u>6,977.46</u> | <u>7,437.93</u> |
| Gross profit | 594.56 | 734.61 |
| Less: Depreciation | <u>210.26</u> | <u>205.99</u> |
| Profit before taxation | 384.30 | 528.62 |
| Provision for Taxation | | |
| Current Tax | 116.59 | 189.00 |
| Fringe Benefit Tax | — | 5.25 |
| Deferred Tax | <u>8.38</u> | <u>(54.41)</u> |
| Profit after tax | 259.33 | 388.78 |
| Excess/short tax provision for earlier years written back/(written off) | (1.42) | 3.51 |
| Balance brought forward from Previous year | <u>234.21</u> | <u>76.99</u> |
| Amount available for appropriation | <u>492.11</u> | <u>469.28</u> |
| Your Director have made the following appropriations: | | |
| (i) Proposed Dividend | 112.99 | 158.19 |
| (ii) Corporate Dividend Tax | 18.77 | 26.88 |
| (iii) Transfer to General Reserve | 30.00 | 50.00 |
| (iv) Balance carried to Balance Sheet | 330.35 | 234.21 |
| | <u>492.11</u> | <u>469.28</u> |
| Turnover (excluding Excise Duty)/Income from Operations: | | |
| Boron based products | 6,666.36 | 6,981.98 |
| Borotik | 7.62 | 10.31 |
| Wind Mill Farm | 98.16 | 117.31 |
| Others | 205.32 | 328.33 |
| Total Turnover/Income from operations | <u>6,977.46</u> | <u>7,437.93</u> |

DIVIDEND

The Directors recommend a dividend of Rs. 2.50 per Equity Share (25%) on 45,19,698 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2010 (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 20th August, 2010 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, 2010.

MANAGEMENT DISCUSSION & ANALYSIS

(a) Overview of operations

Sales during the year were Rs. 6,977.46 Lakhs as compared to Rs. 7,437.93 Lakhs recorded in the previous year, resulting in decrease of 6.60%, though the volume of boron products gone up marginally during the year. The reduction in sales is on account of difficult economic environment during the year, as prices of Boron products declined significantly coupled with downward trend in Export of Specialty Boron Chemicals due to continued recession in western countries.

During the year, income from Wind Farm has also declined to Rs. 98.16 Lakhs from Rs. 117.31 Lakhs for the previous year. This decline is primarily on account of lower generation of power at Wind Farm, Satara in Maharashtra as well as at Kutch in Gujarat due to low wind velocity and breakdown. In addition, there is an increase in Wheeling & transmission losses from 7% to 13.85% for Wind Farm Satara, consequent upon the order of Maharashtra Electricity Regularity Commission (MERC) resulting in lower units available for Captive consumption at Chemical Division.

During the year under review, in August 2009, the Company has sold its Timber Division for a total consideration of Rs. 361 Lakhs resulting in surplus on sale of assets amounting to Rs. 138.91 Lakhs, included in other income. Net gain from the sale of Timber Segment works out to Rs. 31.20 Lakhs, after taking into consideration the operating loss till August, 2009 and writing off old receivables and non-moving stock/current assets etc.

The Gross Profit for the year before depreciation is Rs. 594.56 Lakhs against Rs. 734.61 Lakhs for the previous year. The profit before tax amounted to Rs. 384.30 Lakhs as compared to Rs. 528.62 Lakhs for the Previous year.

After providing Rs. 124.97 Lakhs for current & deferred taxes, your Company ended the financial year with a profit after tax of Rs. 259.33 Lakhs against Rs. 388.78 for previous year. After taking into account short tax provision written off for earlier years and brought forward profit of Rs. 234.21 Lakhs from previous year, your Company has Rs. 492.11 Lakhs available for appropriation.

The profits of the Company got affected during the financial year mainly because the results of chemical division were adversely impacted due to high cost of imported raw material during the first half of the year as well as due to over supply situation in the market, resulting in significant under cutting of prices by competitors during the second half of the year. Consequently, the prices of boron products declined significantly as compared to the first half of the year.

Further, this year onwards Company has to pay newly introduced open access charges to Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for Captive use of power generated at Wind Farm Satara in Chemical Division, consequent upon the order of MERC dated 09/03/2010. Accordingly, during the year, your Company has paid Rs.15.96 Lakhs to MSEDCL on account of open access charges in addition to loss of revenue on account of increase in Wheeling and transmission losses as said earlier, eroding profits of the Company.

(b) Industry Structure, Development

The year under review for the Indian economy was mixed with uncertainty and confidence running low. The global financial crisis in the industrialized nations spread across to all sections of the economy, thereby leading to severe slowdown across countries. Though Indian economy not being much affected, also felt crisis on a lesser scale and domestic industry in India passed through an exciting phase.

Chemical Division

There are few major manufacturers of Boron Chemicals in India, of which your Company is the largest and has excellent track record of more than four decades in manufacturing quality Boron products. With its strong technical expertise and sound marketing network your company has expanded the geographical coverage both in India and abroad with total commitment to achieve customer satisfaction.

Your Company is offering quality products at reasonable prices to the satisfaction of customers through established network of distributors built up over last four decades due to which Company has been able to maintain its market share. Further, your Company's Quality Management System has been certified by Bureau of Veritas Quality International (BVQI) for ISO 9001:2000 quality standard for manufacture of boron and specialty boron products.