
BORAX MORARJI LIMITED



FORTY NINETH ANNUAL REPORT

2012-2013

BORAX MORARJI LIMITED

DIRECTORS	L. N. GOCULDAS, Chairman B.L. GOCULDAS, Managing Director MITIKA L. GOCULDAS S . K. DIWANJI R. SANGHI S. V. JOSHI
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	Prospects Chambers, 317/21, Dr. D.N. Road Mumbai 400 001
WEBSITE	www. Boraxmorarji.com
REGISTRAR & TRANSFER AGENTS	M/S LINK INTIME INDIA PVT. LTD. (formerlyIntime Spectrum Registry Ltd.) C-13, Pannalal Silk Mill Compound, L.B.S Marg, Bhandup(W) Mumbai 400 078 Tel. No. 022- 25963838
WORKS	CHEMICAL DIVISION 1) Mahatma Gandhi Road Ambarnath 421 501(Dist. Thane) Maharashtra Tel No. 0251 2682271/72 2) Plot No. CH/5/1 GIDC Industrial estate. Dahej-392 130, Taluka: Vagra, Dist. Bharuch, Gujarat. Tel.No.02641 291666 WIND MILL FARMS 1. Thoseghar/ Maloshi/ Vankusawade Dist. Satara, Maharashtra 2. NaniSindhodi Kutch, Gujarat

NOTICE

Notice is hereby given that the FORTY NINETH 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 25th September, 2013 at 3.30p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. L.N.Goculdas, who retires by rotation under Article 131 of the Articles of Association and, being eligible, offers himself for re-appointment.
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 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. PROXY FORM, 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 Friday, 19th September, 2013 to Thursday, 25th September, 2013 (both days inclusive).
- (3) 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.
- (4) 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 the 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 financial year ended on 31st March, 2006 is due for transfer to the Investor Education & Protection Fund in October, 2013.
- (9) Shareholders who have not encashed the Dividend Warrant(s) for the financial years 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010 and 2010-2011 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: 8th August, 2013.

Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting:
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Shri. L. N. Goculdas	Shri S.K. Diwanji
Date of Birth	17-09-1943	23-10-1939
Date of Appointment	18-03-1997	25-10-1996
Qualification/Expertise in specific functional areas	Industrialist with rich business experience in general	Practicing Solicitor in Mumbai with wide experience in Legal and Corporate affairs
List of Public Companies in which outside Directorship held as on 8 th August, 2013	The Dharamsi Morarji Chemical Company Ltd.,	1) ABC Bearing Limited 2) HDFC Trustee Company Ltd., 3) Hawkins Cookers Ltd., 4) Citadel Reality Developers Ltd., 5) WindmereHospitality (India) Ltd.,
Chairman/ Member of the Committee of the other Public Companies on which he is a Director as on 8 th August, 2013	The Dharamsi Morarji Chemical Company Ltd.,	Nil
Shareholding	381443 Equity Shares and 65742 Equity Shares as an executor to the estate of Late Shri R. M. Goculdas.	Nil

THE LAST FIVE YEARS

			2008-09 ₹ in Lakhs	2009-10 ₹ in Lakhs	2010-11 ₹ in Lakhs	2011-12 ₹ in Lakhs	2012-13 ₹ in Lakhs
1. TURNOVER : (Excluding Excise Duty)							
Domestic Sales			6842.18	6555.22	6966.26	6923.15	5594.93
Export Sales			<u>478.44</u>	<u>324.07</u>	<u>326.57</u>	<u>675.95</u>	513.70
Total Turnover			<u>7320.62</u>	<u>6879.29</u>	<u>7292.83</u>	<u>7599.10</u>	6108.63
2. PROFIT / (LOSS) :							
For the year Before Tax			528.62	384.30	207.54	(384.24)	(441.45)
For the year After Tax			388.78	259.33	137.19	(298.76)	(294.25)
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			25.00	25.00	25.00	35.00	35.00
Share Premium Account			70.38#	70.38#	70.38#	70.38#	70.38#
General Reserve			666.79	696.79	711.79	711.79	711.79
Profit & Loss Account			<u>234.21</u>	<u>330.35</u>	<u>373.74</u>	<u>74.98</u>	(219.27)
Total Reserves & Surplus			<u>996.38</u>	<u>1122.52</u>	<u>1180.91</u>	<u>892.15</u>	597.90
5. DIVIDEND :							
Amount On Equity Capital	₹ in Lakhs		158.19*	112.99*	67.80	-	-
% of Equity Capital	%		35*	25*	15	-	-

* 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 Ninth Annual Report together with the audited accounts of the Company for the year ended 31st March, 2013.

	₹ in Lakhs	
FINANCIAL RESULTS	2012-13	2011-12
Turnover (Excluding Excise Duty)/	6174.66	7726.92
Income from Operations		
Gross Profit/(Loss)	(240.88)	(178.69)
Less : Depreciation	200.57	205.55
Profit/(Loss) before taxation	(441.45)	(384.24)
Provision for Taxation		
Current Tax	-	-
Deferred Tax (Assets) / Liability	(147.20)	(85.48)
Profit/(Loss) after tax	(294.25)	(298.76)
Balance brought forward from Previous year	74.98	373.74
Amount available for appropriation	(219.27)	74.98
Your Director have made the following appropriations:		
(i) Proposed Dividend	-	-
(ii) Corporate Dividend Tax	-	-
(iii) Transfer to General Reserve	-	-
(iv) Balance carried to Balance Sheet	(219.27)	74.98
	(219.27)	74.98
Turnover (excluding Excise Duty)/ Income from Operations:-		
Boron based products	6087.34	7498.74
Wind Mill Farm	66.03	127.82
Others	21.29	100.36
Total Turnover/Income from operations	6174.66	7726.92

DIVIDEND

Directors do not recommend any Dividend in view of loss reported for the year ended 31st March, 2013

MANAGEMENT DISCUSSION & ANALYSIS

(a) Overview of operations:

The Company recorded turnover of ₹ 6174.66 lakhs in comparison to the turnover of ₹ 7726.92 lakhs in the previous year. The turnover as compared with the previous year has fallen by ₹ 1552.26 lakhs.

Income from Wind Mill Farm has decreased to ₹ 66.03 lakhs as against ₹ 127.82 lakhs for the previous year. The unfavourable economic environment witnessed during the preceding years showed no signs of improvement. Factors such as high inflation, rise in inputs costs, foreign exchange volatility and high interest rates, continue to affect the business negatively. Your Company's performance suffered in such trying circumstances.

(b) Industry Structure, Development

CHEMICAL DIVISION:

In spite of the erratic international market your Company is still known for providing quality products at reasonable prices.

The production at Dahej has commenced in the last quarter of the financial year 2012-2013. The expansion programme is being implemented so as to start the further activities as envisaged which will enable Company to introduce new range of products which will improve profitability.

Your Company's R & D division is working on introduction of new products which would satisfy the requirements of local as well as overseas market.

WIND MILL FARM

The Company has two Wind Mill Farms one at Satara in the State of Maharashtra, consisting of 5 Nos. wind turbine generators having capacity of 1.25 MW and another at Kutch in the State of Gujarat with 0.60 MW Capacity wind turbine generator.

Units of electricity generated by the Wind Mill Farm at Satara are being used to meet part of the electricity requirement for Chemical Division at Ambarnath in Maharashtra State. Units of electricity generated at the Wind Mill Farm at Kutch are being sold to Gujarat Urja Vikas Nigam Limited under the power purchase agreement entered by Company with them.

(c) Outlook

The year 2013-14 offers a mixed picture in terms of the growth in all segments in comparison with the previous year due to upheavals in economy especially in the Chemical Industry. Your Company is preparing for the scenario in the adequate manner and hopes to see improved performance. The Dahej project has become operational partially and by end of the year it would take desired shape barring unforeseen circumstances. Your Company has also identified and is focusing on speciality products which would have wider applications with good demand potential.

(d) Opportunity, threats, risks and concerns

As is normal and prevalent in any Business, the Company do face competition from large scale imports of cheaper quality products; there can be risk inherent in meeting unforeseen situations, not uncommon in the industry. Your Company is fully aware of these challenges and is geared to meet them.

The rising cost of import, especially in respect of boron products is a limiting factor as boron manufacturing is fully dependent on import of raw material. Procurement of quality raw material at competitive rates is a matter of concern which involves exchange risk. Moreover, the marginal difference in custom duty on imported raw materials and finished products is likely to affect the margins of the Company and may affect operations of your Company.

Your Company also recognizes the risk associated with business and have taken adequate measures to address the associated risks and concerns. Some of these factors include competition from bulk importers of cheap quality material, duty free imports by customers against export obligations. On-going devaluation of Rupee etc.

(e) Adequacy of internal controls

The Company has an established independent and adequate system of internal controls commensurate with nature of its business and size of its operation to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and those 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 by the management of the Company.

(f) 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.

(g) Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation are "forward looking statements". Actual results might differ materially from those anticipated because of changing ground realities.

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

SUBSIDIARY COMPANY

Borax Morarji (Europe) GmbH is a 100% wholly owned subsidiary Company in Germany. Primarily it takes care of complying with the German Regulations for exports of Specialty boron products to Germany and Europe.

In terms of exemption granted by the Ministry of Corporate Affairs vide its Order No.2/2011 dated 8th February, 2011 Balance Sheet of Borax Morarji (Europe) GmbH, Germany is not attached to the account of the Company. However, the annual accounts of the subsidiary are available for inspection at the office of the Company and the related detailed information will be made available to the Shareholders when asked for.

CONSOLIDATION OF ACCOUNTS

In pursuance of the mandatory compliance of the Accounting Standard 21, as issued by the Institute of Chartered Accountants of India, the Company has presented Consolidated Financial Statements for the year under Report, consolidating its Accounts with the Accounts of its Wholly Owned Subsidiary Company, viz., Borax Morarji (Europe) GmbH, Germany. A separate Report of the Statutory Auditors on the Consolidated Financial Statements also forms part of the same.

FIXED DEPOSITS

Out of deposits maturing during the year, a total amount of ₹ 9,71,000/- remained unclaimed as on 31st March, 2013 of which ₹ 2,38,000/- has since been renewed / repaid. Necessary follow-up is being made with the remaining deposit holders.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 131 of the Articles of Association of the Company Mr.S.K. Diwanji and Mr.L.N. Goculd as retire by rotation at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

DAHEJ PROJECT

The Company has successfully commissioned the first phase of the Project at Dahej for manufacture of Boron Products and accordingly your Company has now commenced the Commercial Production of Boron Products at Dahej. The second phase of the project is under implementation and the same is expected to be completed by end of this year.

Observations of the Auditors in their Report to the Members

With regards to the observation of the Auditors under Sr. No.1 in their report to the Members of the Audited Accounts for the year ended 31st March, 2013, in respect of Long Term Loans and Advances includes amount of ₹ 64.73 lacs on account of insurance claim disputed by New India Assurance Co.Ltd. in respect of loss of stock due to flood in June 2002 at Chemical Division, Ambarnath, against which Company has filed complaint before the Consumer Disputes Redressal Commission, Mumbai, which is pending for final hearing.

As regards ₹ 14.22 lacs receivable from State Trading Corporation of India Ltd.(STC), the STC has filed an appeal against order passed by District court in favour of the Company which is pending before Delhi High Court.

As regards ₹ 28.00 lacs deposited by the Company in the Court in respect of certain issues raised by Customs Authorities related to DEPB License against which Company has preferred an appeal and the same is pending before CESTAT. The Management is hopeful of decisions in favour of Company in respect of all the above matters.

Under Sr. No. 2 regarding the amount of ₹ 26.63/- lacs, no provision has been made against the receivables the Management is hopeful of recovery with amicable settlement.

Under Sr. No. 3 regarding the Short Term Loan and Advances includes ₹ 47.67 lacs on account of expenses towards Proposed Right Issue which has not taken place the Management of the Company has decided to defer the schedule of the Right Issue, due to present economic scenario. The Management will review the situation and will decide about Right Issue at appropriate time.

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, all applicable accounting standards have been followed and there was no material departure from the accounting standards;
- (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, 2013 and of the profit/loss of the Company for the year ended 31st March, 2013.
- (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.

COST AUDITOR

To comply with the directive of the Government of India, Department of Company Law Affairs, Cost Audit Branch, New Delhi, the Board of Directors appointed Mr. S. S. Dongare as the Cost Auditor on a remuneration of ₹ 60,000/- for the accounting year ending 31st March, 2014 for the audit of the cost accounts in respect of Boric Acid.

PARTICULARS OF EMPLOYEES

During the year ended 31st March, 2013, 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 2012-13. 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 all the Stakeholders various Government Departments, Financial Institutions, Banks and Employees for their valuable co-operation and assistance during the year.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 8th August, 2013.

L. N. Goculdas
(Chairman)

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 optimize power consumption at various rotation equipments. |
| (b) Addition 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 | 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 31-3-2013)	Previous Year (ended on 31-3-2012)
1. Electricity:		
(a) Purchased:		
Units/KWH	24,78,016	33,62,377
Total amount (Rs. Lakhs)	207.93	231.81
Rate/ Unit Rs.	8.39	6.89
(b) Own generation:		
(i) Through Diesel Generator:		
Units/KWH	4964	2835
Units per litre of Diesel Oil	2.64	2.70
Cost of Unit of Diesel Oil Rs./KWH	17.75	15.83
(ii) Through Wind Mill Farm:		
Units/KWH	21,32,809	24,16,457
2. Coal:		
Quantity (Tonnes) (Grade varies from A to D)	7574	7479
Total Cost (Rs. Lakhs)	390.20	394.11
Average rate (Rs./Tonne)	5152	5270
3. Furnace Oil/ Diesel Oil/		
Quantity (litres)	1905	1050
Total amount (Rs. Lakhs)	0.89	0.45
Average rate (Rs./litre)	46.86	42.74

B. Consumption per unit of production:

	Current Year (ended 31-3-2013)			Previous Year (ended 31-3-2012)		
	Elec. Units (KWH)	Diesel/L.D.. Oil (litre)	Coal (MT)	Elec. Units (KWH)	Diesel/L.D.. Oil (litre)	Coal (MT)
Product:						
Borax	55	-	-	55	-	-
Boric Acid	290	-	-	260	-	-
Boric Acid SQ	450	-	-	450	-	-

II. Technology Absorption**FORM B**

(See Rule 2)

(Form for disclosure of particulars with respect to Technology Absorption)

1. Specific area in which R & D carried out	a) Commercial production of value added boron products (after successful trials at Laboratory & Pilot Plant levels) is being taken up as per the requirements of local/overseas markets.
	b) Manufacture of Speciality Boric Acid (extra pure) and boron based fire retardant for local/export markets.
	c) Use of boron as a micro-nutrient fertilizer in cash crops like Soyabean, Cotton, oil seeds, sugar cane, etc.
2. Benefits derived as a result of the above	Since there is growth potential in both domestic and overseas markets, promotion of these products will be to the advantage of the Company.
3. Future Plan of Action	Developing new areas of application of value added boron products.
4. Expenditure on R & D	
(a) Capital	₹ Nil
(b) Recurring	₹ 2,74,493/-
(c) Total	₹ 2,74,493/-
(d) Total R & D Expenditure as a percentage of total turnover	0.04%

Technology Absorption, Adaptation and Innovation

- Efforts, in brief, made towards technology absorption and innovation
After successful attainment of LPG as an alternative to LDO for Spray Drying Unit similar cost reducing measures are being studied.
- Benefits derived as a result of the above efforts, e.g. product improvement cost reduction, product development, import substitution
There will be cost saving with resultant reduction in the manufacturing cost.
- In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), following information may be furnished
Not Applicable
 - Technology imported ---
 - Year of import ---
 - Has technology been fully absorbed? ---
 - If not fully absorbed, areas where this has not taken place (reason and future plans of action) ---

III. Foreign Exchange Earning and outgo

The particulars of foreign exchange earned/utilized during the year are given on Page No. 41, Item No. (ii, iii, iv) 33 under Notes to Accounts.