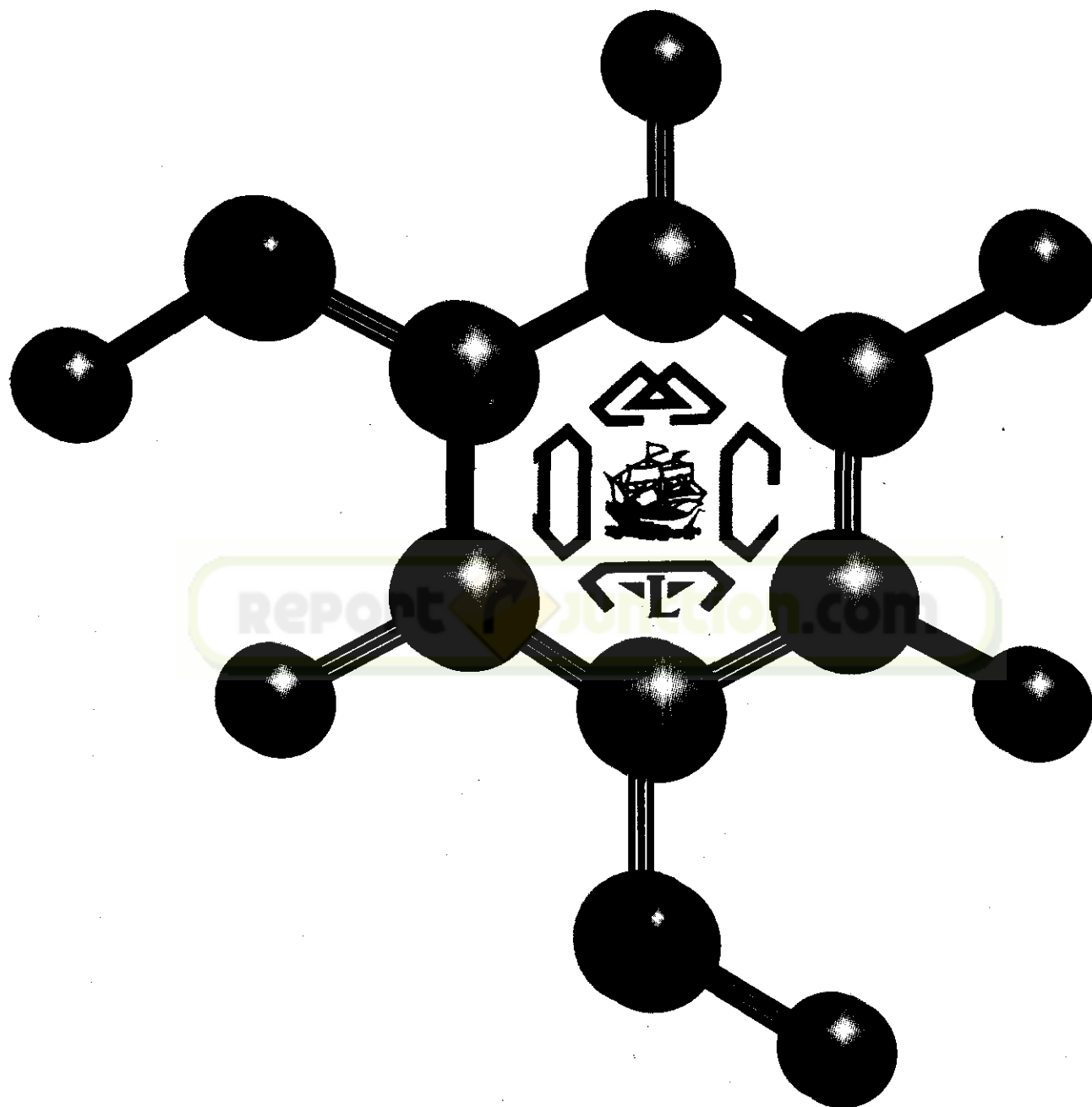


79th ANNUAL REPORT : 1998-1999



THE DHARAMSI MORARJI CHEMICAL CO. LTD.



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Directors

R. M. Goculdas
Laxmikumar N. Goculdas
S. N. Desai
U. D. Morarji (Smt.)
M. D. Goculdas
D. S. Parekh
S. M. Thakore
D. P. Goculdas
S. R. Chougule
Ashok Kumar
J. L. Thakkar
H. T. Kapadia
D. N. Vaze

Chairman
Vice-Chairman

Nominee of ICICI
Nominee of GIC
Managing Director
Joint Managing Director
Whole-time Director

Secretary

D. T. Gokhale

Auditors

K. S. Aiyar & Co.
Chartered Accountants

Legal Advisers

Bhaishanker Kanga & Girdharlal

Bankers

State Bank of India
Dena Bank
Banque Nationale De Paris
Credit Agricole Indosuez
SBI Commercial and International Bank Ltd.
HDFC Bank Ltd.

Registered Office

Prospect Chambers
317/21 Dr. Dadabhoy Naoroji Road
Fort, Mumbai-400 001

Factories

Ambernath (Maharashtra)
Roha (Maharashtra)
Kumhari (Madhya Pradesh)
Jhar (Gujarat)

Registrars and Transfer Agents

IIT Corporate Services Limited
IIT House, Off M. Vasanti Road
Opp. Vazir Glass, Near J.B. Nagar
Andheri (East), Mumbai 400 059.

Notice to Members

The Seventy Ninth Annual General Meeting of the Members of **THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED** will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Thursday, the 9th day of September, 1999 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 1999.
2. To declare a Dividend.
3. To appoint a Director in place of Shri R.M. Goculdas, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri L.N. Goculdas, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Smt. U. D. Morarji, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers herself for re-appointment.
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED that Messrs. K. S. Aiyar & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of the 79th Annual General Meeting until the conclusion of the 80th Annual General Meeting on a remuneration to be fixed by the Board of Directors and that any travel and out-of-pocket expenses incurred in the conduct of the audit of the factories be reimbursed to them by the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

- (a) The following new Articles with marginal notes as indicated be inserted as Article 30A, 30B and 30C after the existing Article 30:

30A. Nomination

- (1) Every shareholder or debentureholder of the Company may, at any time, nominate in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
- (2) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or



debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

30B. Transmission of Securities by nominee

- (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :
- (a) to be registered himself as holder of the shares or debentures, as the case may be; or
 - (b) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.
- (2) If the nominee elects to be registered as holder of the shares or debentures, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased shareholder or debentureholder as the case may be.
- (3) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member in respect of his shares or debentures, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the shares or debentures, until the requirements of the notice have been complied with.

30C. Dematerialisation of Securities

A. Definitions:

For the purposes of this Article, unless the context otherwise requires, the words indicated below shall have following meanings:

Beneficial Owner: 'Beneficial Owner' means a person or persons whose name is recorded as such with a Depository and/or the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Bye-laws: 'Bye-laws' mean bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act: 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

Depository: 'Depository' means a company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a Certificate of Registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record: 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations: 'Regulations' mean the regulations made by SEBI;

SEBI: 'SEBI' means the Securities and Exchange Board of India;

Security: 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or member: 'Shareholder' or 'member' means the duly registered holder, from time to time, of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

B. Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors:

Every existing shareholder and/or person holding/subscribing to securities of the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of the security held/ subscribed by such person, and on receipt of such information, the Depository shall enter in its record the name of the holder/allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners:

- i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.



F. Service of documents:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Sections 83 and 108 of the Act not to apply:

Notwithstanding anything to the contrary contained in the Articles:

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.

I. Distinctive numbers of securities held in a depository:

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

J. Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Securityholders as the case may be for the purposes of these Articles.

K. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the depository within 7 days on allotment of such securities.

L. Stamp duty on securities held in dematerialised form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

M. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

N. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividend or bonus or

service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not he shall have express or implied notice thereof.

(b) The existing sub-clause (3) of Article 203 be deleted and in place thereof, the following sub-clause (3) be substituted:

(3) The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members and Debentureholders in accordance with Sections 150, 151 and 152 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares/debentures held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The same shall be kept open for inspection of any member or debentureholder without fee and any other person on a fee of Re. 1/- for each inspection.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or country outside India, a Register of Members of the residents in that State or country."

NOTES:

(a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(b) The Register of Members will be closed from Tuesday, the 24th day of August, 1999 to Thursday, the 9th day of September, 1999 (both days inclusive).

(c) The Dividend, if declared, will be paid on and from Friday, the 17th day of September, 1999, to those members who are entitled thereto and whose names appear on the Register of Members of the Company as on 9th September, 1999.

(d) The unclaimed dividend for the financial year of the Company ended 31st March, 1995 amounting to Rs. 1,16,445/- has already been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in the prescribed form.

Consequent upon amendment in Section 205A of the Companies Act, 1956, and introduction of Section 205-C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

All members who have either not received or have not encashed dividends for the financial years 1995-96, 1996-97, or 1997-98 are requested to write to the Company's Share Department at the Company's Registered Office for issuance of duplicate Dividend Warrant(s), mentioning the relevant Folio No(s), at the earliest.



- (e) All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office during office hours on all days except Saturdays, Sundays and Public Holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- (f) Members are requested to notify change of address, if any, to the Company.
- (g) If members have more than one folio with the Company in identical order of names, the fact should be intimated to the Company for consolidation into one folio. If further shares are bought by the members, folio number should be mentioned in the forwarding letters to avoid creation of multiple folios.

By Order of the Board

D. T. GOKHALE
Secretary

Registered Office:
Prospect Chambers,
317/21 Dr. Dadabhoy Naoroji Road,
Fort, Mumbai 400 001.

Date: 19th July, 1999.

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Statement as required by Section 173 of the Companies Act, 1956 and Article 89(2) of the Articles of Association of the Company.

The following statement as required by Section 173 of the Companies Act, 1956 and Article 89(2) of the Articles of Association of the Company sets out all material facts concerning item No. 7 in the Notice dated 19th July, 1999 :

The Companies (Amendment) Act, 1999 has introduced the facility of transmission of shares/securities by nomination. To give effect to this, it is proposed to include Articles providing for "Nomination" in the Articles of Association of the Company.

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to issue, holding, transfer, transmission and dealing in shares and other securities as also issue of relevant certificates thereof, so as to facilitate the introduction and implementation of the Depository System and dematerialisation of shares and other securities.

To give effect to above, it is proposed to include an Article providing for "Dematerialisation of Securities" in the Articles of Association of the Company.

The necessary additions/amendments in the Articles of Association of the Company are proposed in the Special Resolution as set out at Item No. 7 of the accompanying Notice.

The Directors commend the Resolution for approval of the Members, since it will benefit the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said Resolution.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays upto the date of the Annual General Meeting.

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By Order of the Board

D. T. GOKHALE
Secretary

Registered Office:
Prospect Chambers,
317/21 Dr. Dadabhoy Naoroji Road,
Fort, Mumbai 400 001.

Date: 19th July, 1999.



Directors' Report

The Directors are pleased to present their Seventy Ninth Annual Report together with the accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	31st March 1999 Rs. in lacs	31st March 1998 Rs. in lacs
Turnover	<u>26362.97</u>	<u>22964.93</u>
Gross Profit	1288.37	1518.14
Depreciation	<u>607.09</u>	<u>545.92</u>
Profit before tax	<u>681.28</u>	<u>972.22</u>
Provision for taxation	<u>75.00</u>	<u>117.00</u>
Profit after taxation	<u>606.28</u>	<u>855.22</u>
Add: Balance brought forward	<u>463.39</u>	<u>599.00</u>
	<u>1069.67</u>	<u>1454.22</u>
Add: Investment Allowance Reserve of earlier years written back	<u>45.58</u>	<u>65.25</u>
Available for appropriations	<u>1115.25</u>	<u>1519.47</u>

The Directors have made the following appropriations:

(i) Debenture Redemption Reserve	25.18	59.20
(ii) General Reserve	300.00	625.00
(iii) Proposed Dividend	313.03	338.07
(iv) Income tax on proposed dividend	34.43	33.81
(v) Balance carried forward	<u>442.61</u>	<u>463.39</u>
	<u>1115.25</u>	<u>1519.47</u>

The following is the turnover by group of products:

Single Superphosphate	15157.10	11956.76
Commodity Chemicals	5477.21	7707.34
Speciality Chemicals	3340.36	2759.36
Others	<u>2388.30</u>	<u>541.47</u>
	<u>26362.97</u>	<u>22964.93</u>