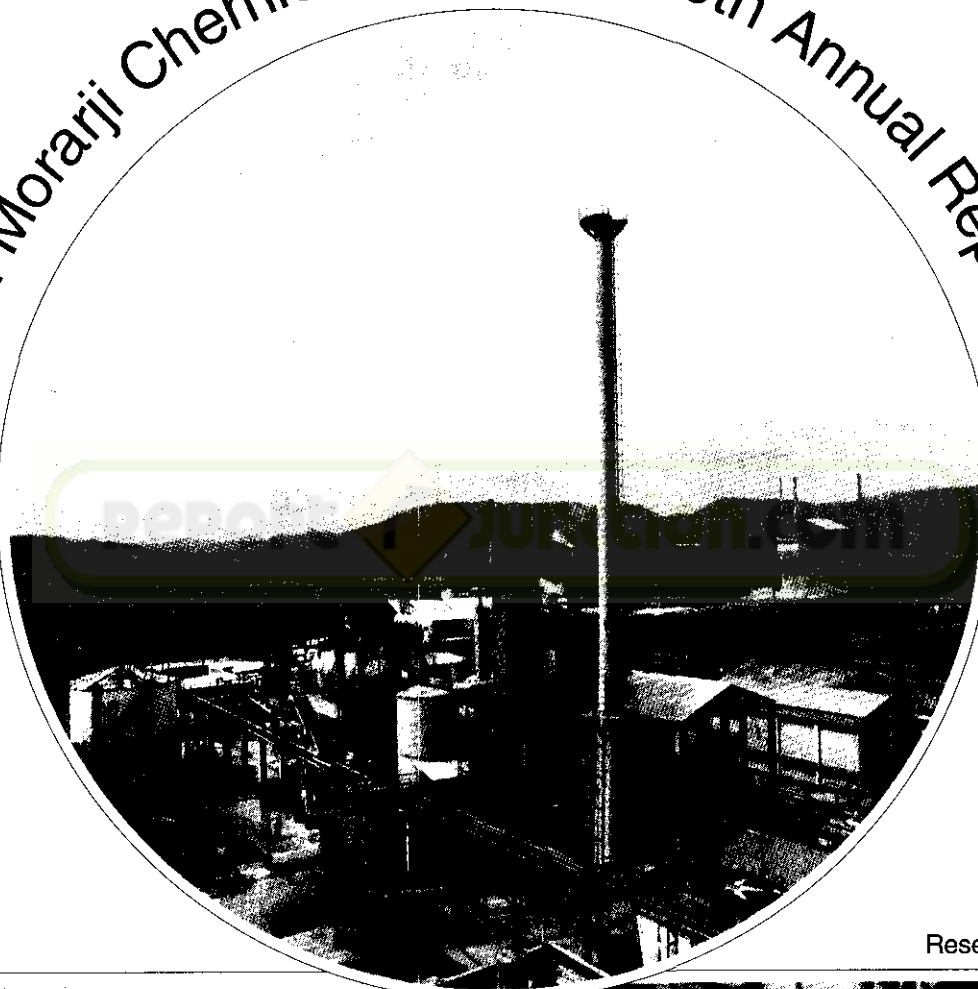
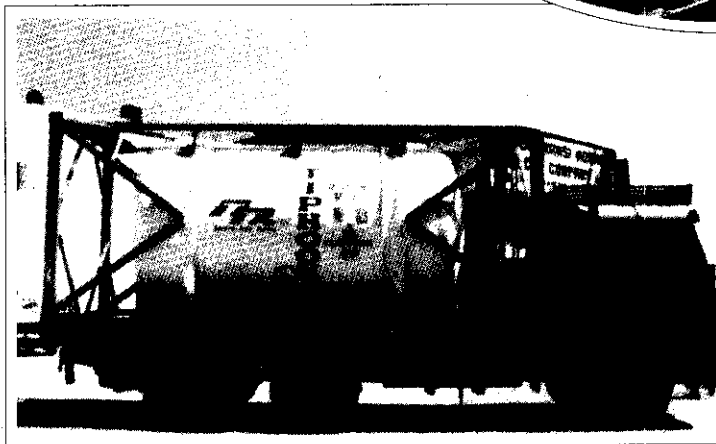




The Dharamsi Morarji Chemical Co. Ltd. - 80th Annual Report 1999-2000



Exports



Research & Development





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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
H. T. Kapadia
S. R. Chougule
Ashok Kumar
V. K. Punshi
D. N. Vaze
D. P. Goculdas

Chairman
Vice-Chairman

Nominee of ICICI
Nominee of GIC
Managing Director
Whole-time 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
BNP PARIBAS
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)
Khemli (Rajasthan)
Baroda (Gujarat)

Registrars and Transfer Agents

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

Notice to Members

The Eightieth 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 Tuesday, the 5th day of September, 2000 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, 2000.
 2. To ratify the payment of interim dividend by the Board of Directors on Equity Shares.
 3. To ratify the payment of interim dividend by the Board of Directors on Preference Shares.
 4. To appoint a Director in place of Shri D. P. 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 Shri D. S. Parekh, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
 6. To appoint a Director in place of Shri D. N. Vaze, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
 7. 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 80th Annual General Meeting until the conclusion of the 81st 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."
 8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
"RESOLVED THAT subject to the provisions of Sections 269 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Shri V. K. Punshi as Managing Director of the Company for a period of three years from 1st April, 2000, on the following remuneration, namely:
 - A. SALARY : Rs. 1,25,000/- per month, which may be revised to such other sum not exceeding Rs. 1,45,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.
 - B. COMMISSION : $\frac{1}{2}\%$ of the net profits of the Company plus further $\frac{1}{2}\%$ as may be decided by the Board of Directors but total amount not exceeding 100% of annual salary.
 - C. PERQUISITES : In addition to the above, the following perquisites, monetary value of which shall be restricted to the ceiling laid down by the Central Government:

CATEGORY "A"

 - (i) (a) Housing : Furnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof not exceeding 60% of the salary.
 - (b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
 - (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
 - (iii) 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/- per annum.
 - (iv) Leave Travel Concession: Actual fares, rail or air, for self and family once a year to and from any place in India.
 - (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

CATEGORY "B"

 - (i) Membership of Company's Provident Fund Scheme.
 - (ii) Gratuity as per rules of the Company.
 - (iii) Benefit of Company's Superannuation Scheme, subject to the condition that the Company's contribution thereto together with the contribution to Provident Fund are not taxable under the Income-tax Act.

CATEGORY "C"

 - (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Managing Director.
 - (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Managing Director.
- Car with driver for use of Company's business and telephone at residence shall not be considered as perquisites.
- The Managing Director shall further be entitled to:
- (i) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 20,000/- per annum.
 - (ii) Leave with salary, allowance and other benefits as per leave rules of the Company : Privilege leave not exceeding one month in a year or $\frac{1}{11}$ th of duty period and the leave accumulated but not availed may be encashed as per rules of the Company.



- D. The monetary value of the perquisites will be evaluated as per the Income-tax Rules and be subject to such ceiling as may be prescribed by the Central Government.
- E. In the event of loss or inadequacy of profits in any year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956, as amended from time to time.
- F. The above salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956."
9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT subject to the provisions of Sections 269 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Shri D. N. Vaze as Whole-time Director of the Company [designated as Executive Director (Finance)] for a period of three years from 1st April, 2000, on the following remuneration, namely:
- A. SALARY: Rs. 55,000/- per month, which may be revised to such other sum not exceeding Rs. 65,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.
- B. COMMISSION: $\frac{1}{2}\%$ of the net profits of the Company plus further $\frac{1}{2}\%$ as may be decided by the Board of Directors but total amount not exceeding 100% of annual salary.
- C. PERQUISITES: In addition to the above, the following perquisites, monetary value of which shall be restricted to the ceiling laid down by the Central Government:
- CATEGORY "A"
- (i) (a) Housing: Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof not exceeding 60% of the salary.
- (b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family: Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
- (iii) 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/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.
- CATEGORY "B"
- (i) Membership of Company's Provident Fund Scheme.
- (ii) Gratuity as per rules of the Company.
- (iii) Benefit of Company's Superannuation Scheme, subject to the condition that the Company's contribution thereto together with the contribution to Provident Fund are not taxable under the Income-tax Act.
- CATEGORY "C"
- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Executive Director (Finance).
- (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Executive Director (Finance).
- Car with driver for use of Company's business and telephone at residence shall not be considered as perquisites.
- The Executive Director (Finance) shall further be entitled to:
- (i) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 20,000/- per annum.
- (ii) Leave with salary, allowance and other benefits as per leave rules of the Company : Privilege leave not exceeding one month in a year or $\frac{1}{11}$ th of duty period and the leave accumulated but not availed may be encashed as per rules of the Company.
- D. The monetary value of the perquisites will be evaluated as per the Income-tax Rules and be subject to such ceiling as may be prescribed by the Central Government.
- E. In the event of loss or inadequacy of profits in any year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956, as amended from time to time.
- F. The above salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956."
10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT subject to the provisions of Sections 269 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Shri D. P. Goculdas as Whole-time Director of the Company as in-charge and responsible for all the operations of the Udaipur Works of the Company and Purchase activities of the Company and to perform such functions and duties as the Board of Directors shall specify, from time to time, from 20th September, 1999 to 31st March, 2003 on the following remuneration, namely:
- A. SALARY : Rs. 45,000/- per month which may be revised to such other sum not exceeding Rs. 60,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.

EIGHTIETH ANNUAL REPORT 1999-2000

- B. COMMISSION : $\frac{1}{2}\%$ of the net profits of the Company plus further $\frac{1}{2}\%$ as may be decided by the Board of Directors but total amount not exceeding 100% of annual salary.
- C. PERQUISITES : In addition to the above, the following perquisites, monetary value of which shall be restricted to the ceiling laid down by the Central Government:

CATEGORY "A"

- (i) (a) Housing: Unfurnished residential accommodation, the Company paying all rents, taxes and other expenses for the upkeep and maintenance of such accommodation or house rent allowance in lieu thereof not exceeding 60% of the salary.
- (b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
- (iii) 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/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

CATEGORY "B"

- (i) Membership of Company's Provident Fund Scheme.
- (ii) Gratuity as per rules of the Company.
- (iii) Benefit of Company's Superannuation Scheme, subject to the condition that the Company's contribution thereto together with the contribution to Provident Fund are not taxable under the Income-tax Act.

CATEGORY "C"

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Whole-time Director.
- (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Whole-time Director.

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

The Whole-time Director shall further be entitled to:

- (i) Reimbursement of entertainment expenses incurred in the course of the Company's business not exceeding Rs. 12,000/- per annum.
- (ii) Leave with salary, allowance and other benefits as per leave rules of the Company : Privilege leave not exceeding one month in a year or $\frac{1}{11}$ th of duty period and the leave accumulated but not availed may be encashed as per rules of the Company.

- D. The monetary value of the perquisites will be evaluated as per the Income-tax Rules and be subject to such ceiling as may be prescribed by the Central Government.
- E. In the event of loss or inadequacy of profits in any year, the remuneration and perquisites will be paid in accordance with Schedule XIII to the Companies Act, 1956, as amended from time to time.
- F. The above salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956."

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

"RESOLVED THAT Shri H. T. Kapadia, who was appointed as an Additional Director of the Company, by the Board of Directors with effect from 1st April, 2000, holds office upto the date of this Annual General Meeting, under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company and being eligible offers himself for re-appointment, and, in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a Shareholder signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as Director of the Company, whose term of office shall be liable to determination by retirement by rotation."

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

"RESOLVED THAT pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other provisions as may be applicable, the Company hereby approves and authorises the payment to all Directors, other than the Managing Director, Joint Managing Director and Whole-time Directors, a commission at the rate not exceeding 1% (one percent) of the net profits of the Company, during each of the five years commencing from the financial year beginning on 1st April, 2000, and the said commission be divided amongst them as per the provisions of Article 132 of the Articles of Association of the Company."

13. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT in pursuance of the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Shareholders be and is hereby accorded to the sale of the Company's Factory Unit comprising of land, buildings, plant and machinery including electrical installations located at 623, Atladra, Padra Road, Baroda, Gujarat on such terms and conditions including the consideration therefor as the Board may deem fit in the best interest of the Company."

"RESOLVED FURTHER THAT authority be and is hereby given to the Board of Directors of the Company to give effect to the aforesaid proposed sale and to take such steps as are necessary to sign, execute and deliver such applications, agreements and other documents as may be deemed necessary from time to time and to accept such modifications thereto as may be deemed necessary or expedient and to do all other acts, deeds, matters and things to give effect to the above resolution."



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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) The Register of Members will be closed from Friday, the 18th day of August, 2000 to Tuesday, the 5th day of September, 2000 (both days inclusive).
- (c) The Board of Directors earlier approved payment of Interim Dividend on equity shares @ 15% for the year ended 31st March, 2000 which was paid on 10th May, 2000. Dividend Warrants have already been posted to those Shareholders whose names appeared in the List of Shareholders i.e. for those holding Shares in the Physical Form and those holding Shares in Demat Form as beneficiary owners in the record of the Depositories on the Book Closure Date i.e. 3rd May, 2000 to 4th May, 2000. The Board of Directors have not recommended any final dividend in respect of equity shares for the year ended 31st March, 2000.
- (d) In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed equity dividend for the financial year(s) upto 1994-1995 has been transferred to the General Revenue Account of the Central Government. Those shareholders, who have so far not claimed or collected their dividend for any financial year(s) upto 1994-1995, may claim the same 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 (IEPF) and no claim by the shareholders shall lie for the unclaimed dividend transferred to IEPF.**
- All members, who have either not received or have not encashed dividends for the financial years 1995-1996, 1996-1997, 1997-1998, and 1998-1999, 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 Nos.**
- (e) In terms of Notification No.SMDRP/POLICY/CIR/23/2000 dated 29th May, 2000, issued by Securities and Exchange Board of India (SEBI), the equity shares of the Company will be under compulsory demat trading by all investors, with effect from 28th August, 2000.
- (f) All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office during office hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays upto the date of the Annual General Meeting.
- (g) Members are requested to notify change of address, if any, to the Company.
- (h) NRI shareholders are requested to immediately inform (a) change in their residential status on return to India for permanent settlement and (b) particulars of NRE Account, if not furnished earlier.
- (i) 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(s) should be mentioned in the forwarding letters to avoid creation of multiple folios.

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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.

Mumbai, 28th July, 2000.

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 Nos. 8, 9, 10, 11, 12 and 13 mentioned in the Notice dated 28th July, 2000.

Item No. 8

The Board of Directors of the Company at its meeting held on 1st March, 2000, has appointed, subject to the approval of the shareholders, Shri V. K. Punshi as Managing Director for a period of three years with effect from 1st April 2000, on terms and conditions mentioned in the Resolution at item no. 8.

Shri V. K. Punshi, a Chemical Engineer from Indian Institute of Technology, Kharagpur, was earlier Director (Chemicals) of Hindustan Lever Ltd. (HLL), where he played a key role in developing HLL's new fertilisers business. He was also actively associated with the Fertiliser Association of India and the Indian Chemical Manufacturers' Association. In 1992, he moved to Unilever Headquarters in London as Overseas Technical Member — Detergents Co-ordination and thereafter, in 1997, he was transferred to China to serve with Unilever's China and East Asia Pacific Group.

He brings to your Company his wide experience, both Indian and International, in technical and general management including joint ventures and strategic planning.

In view of his wide experience in the field of Chemicals, it is in the interest of the Company to appoint him as the Managing Director of the Company for a period of three years.

The remuneration and terms and conditions of appointment of Shri V. K. Punshi as Managing Director, as given in the Notice and Explanatory Statement, may be treated as abstract of the terms of his appointment under Section 302 of the Companies Act, 1956.

None of the Directors of the Company, except Shri V. K. Punshi, is concerned or interested in the said appointment.

EIGHTIETH ANNUAL REPORT 1999-2000**Item No. 9**

The term of appointment of Shri D. N. Vaze, as Whole-time Director of the Company [designated as Executive Director (Finance)], expired on 31st March, 2000. The Board of Directors has re-appointed, subject to the approval of the shareholders, Shri D. N. Vaze, as Whole-time Director of the Company [designated as Executive Director (Finance)], for a period of three years with effect from 1st April, 2000, on terms and conditions mentioned in the Resolution at item no.9.

Shri. D. N. Vaze is a Chartered Accountant, Cost Accountant, Company Secretary and Certified Public Accountant (U.S.A.). He has managerial experience of over twenty years including five years in the U.S.A.

In view of his qualifications and wide experience in the field of Finance, both Indian and International, it is in the interest of the Company to re-appoint him as a Whole-time Director of the Company [designated as Executive Director (Finance)], for a period of three years from 1st April, 2000.

The remuneration and terms and conditions of re-appointment of Shri D. N. Vaze as Whole-time Director of the Company [designated as Executive Director (Finance)], as given in the Notice and Explanatory Statement, may be treated as abstract of the terms of his re-appointment under Section 302 of the Companies Act, 1956.

None of the Directors of the Company, except Shri. D. N. Vaze, is concerned or interested in the said re-appointment.

Item No. 10

Consequent upon the amalgamation of Udaipur Phosphates and Fertilisers Ltd.(UPFL) with the Company, the term of office of Shri D. P. Goculdas as Executive Director of UPFL ended on 27th August, 1999. Keeping in view his wide experience, he has been, subject to the approval of the shareholders, appointed as Whole-time Director of the Company as in-charge and responsible for all the operations of the Udaipur Works of the Company and Purchase activities of the Company and to perform such functions and duties as the Board of Directors shall specify, from time to time, from 20th September, 1999 to 31st March, 2003, on terms and conditions mentioned in the Resolution at item no.10.

The remuneration and terms and conditions of appointment of Shri D. P. Goculdas as Whole-time Director of the Company, as given in the Notice and Explanatory Statement, may be treated as abstract of the terms of his appointment under Section 302 of the Companies Act, 1956.

None of the Directors of the Company, except Shri D. P. Goculdas, is concerned or interested in the said appointment.

Item No. 11

Shri H. T. Kapadia, who has retired as Joint Managing Director of the Company as on 31st March, 2000, has been associated with the affairs of the Company for a long time. Keeping in view his wide experience in the Company, the Board of Directors at its Meeting held on 28th March, 2000, appointed him as an Additional Director on the Board with effect from 1st April, 2000. As per provisions of Section 260 of the Companies Act, 1956, Shri H. T. Kapadia will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri H. T. Kapadia for office of Director, under the provisions of Section 257 of the Companies Act, 1956.

None of the Directors of the Company, except Shri H. T. Kapadia, is concerned or interested in the said appointment.

Item No. 12

Section 309(4) of the Companies Act, 1956, provides, inter alia, that a Director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission, if the Company by a Special Resolution authorises such payment provided that the remuneration paid to such Director or where there are more than one such Director, to all of them together, shall not exceed one percent of the net profits of the Company if the Company has a Managing or Whole-time Director or the Manager and three per cent of the net profits of the Company, in any other case.

At the 75th Annual General Meeting of the Company held on 7th September, 1995, the Shareholders by passing a Special Resolution approved and authorised the payment of remuneration to all the Directors other than the Managing Director and Whole-time Directors of the Company, by way of commission, at the rate of 1% (one percent) of the net profits of the Company, during each of the five years commencing from the financial year beginning on 1st April, 1995. The said period has expired on 31st March, 2000.

It is now proposed to pass a fresh Special Resolution approving and authorising payment of remuneration by way of commission, to the Directors, other than Managing Director, Joint Managing Director and Whole-time Directors, upto 1% (one percent) of the net profits of the Company, computed in the manner and in accordance with Section 198 of the Companies Act, 1956, subject to such approvals as may be required, during each of the five years commencing from the financial year beginning on 1st April, 2000.

All Directors of the Company other than the Managing Director and Whole-time Directors are interested in the said Resolution.

Item No. 13

Consequent upon the amalgamation of Udaipur Phosphates & Fertilisers Ltd. (UPFL) with the Company, all the properties, assets and interest of the erstwhile UPFL stood transferred and got vested in the Company and have now become the property of the Company.

In furtherance to the foregoing, the factory unit comprising of land, building and plant and machinery of the erstwhile UPFL, situated at 623, Atladra, Padra Road, Baroda has been transferred in the name of the Company. As a part of the Company's rationalisation plan, it is proposed to sell the aforesaid factory unit comprising of land, building and plant and machinery of the Company.

Section 293(1)(a) of the Companies Act, 1956, provides that the Board of Directors of a company shall not without the consent of the Company in general meeting, sell, lease or otherwise, dispose of the whole or substantially the whole of the undertaking of the company. Since the sale of aforesaid factory unit comprising of land, building and plant and machinery of the erstwhile UPFL, situated at 623, Atladra, Padra Road, Baroda, will attract the aforesaid provisions of the Companies Act, 1956, it is considered necessary to obtain the consent of the Members.

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

By Order of the Board

D. T. GOKHALE
Secretary

Registered Office:
Prospect Chambers,
317/21, Dr. Dadabhoy Naoroji Road,
Fort, Mumbai- 400 001.
Mumbai, 28th July, 2000.



Directors' Report

The Directors are pleased to present their Eightieth Annual Report together with the accounts of the Company for the year ended 31st March, 2000.

| | 31st March 2000 Rs. in lacs | 31st March 1999 Rs. in lacs |
|--|-----------------------------------|-----------------------------------|
| FINANCIAL RESULTS | | |
| Turnover (excluding Excise Duty) | 27727.63 | 26362.97 |
| Gross Profit | 1376.83 | 1288.37 |
| Depreciation | 738.11 | 607.09 |
| Profit before tax | 638.72 | 681.28 |
| Provision for taxation | 78.00 | 75.00 |
| Profit after taxation | 560.72 | 606.28 |
| Add: Balance brought forward | 442.61 | 463.39 |
| | 1003.33 | 1069.67 |
| Add: Transferred from Investment Allowance Reserve | 58.61 | 45.58 |
| Add: Transferred from Debenture Redemption Reserve | 483.22 | — |
| Available for appropriations | 1545.16 | 1115.25 |

The Directors have made the following appropriations:

| | | |
|---|----------------|---------|
| (i) Debenture Redemption Reserve | — | 25.18 |
| (ii) Preference Shares Redemption Reserve | 333.00 | — |
| (iii) General Reserve | 100.00 | 300.00 |
| (iv) Interim Dividend on — Preference Shares | 78.33 | — |
| — Equity Shares | 202.90 | — |
| (v) Income tax on Interim Dividend on — Preference Shares | 8.62 | — |
| — Equity Shares | 22.32 | — |
| (vi) Proposed Dividend on Equity Shares | — | 313.03 |
| (vii) Income tax on Proposed Dividend on Equity Shares | — | 34.43 |
| (viii) Balance carried forward | 799.99 | 442.61 |
| | 1545.16 | 1115.25 |

The following is the turnover by group of products:

| | | |
|-----------------------|-----------------|----------|
| Single Superphosphate | 14358.34 | 15157.10 |
| Commodity Chemicals | 7858.21 | 5477.21 |
| Speciality Chemicals | 3969.82 | 3340.36 |
| Others | 1541.26 | 2388.30 |
| | 27727.63 | 26362.97 |

DIVIDEND

Your Directors approved payment of Interim Dividend on Preference Shares at the rate of 11.50% (Rs. 11.50 per Preference Shares of Rs. 100/- each) on pro rata basis from the date of allotment to 31st March, 2000, which was paid on 15th March, 2000. Your Directors also approved payment of Interim Dividend on Equity Shares at the rate of 15% (Rs. 1.50 per Equity Share of Rs. 10/- each) for the year ended 31st March, 2000, which was paid on 10th May, 2000. The Directors have not recommended any final dividend in respect of both viz. Preference and Equity Shares for the year ended 31st March, 2000.

OPERATIONS

The turnover during the year 1999-2000 (excluding Excise Duty) was Rs. 277.28 crores as compared to the previous year's corresponding turnover of Rs. 263.63 crores, representing an increase of 5%.

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The turnover in respect of Single Superphosphate (SSP) decreased by 5%. The SSP industry had a difficult year due to adverse weather conditions, non recognition of costs in fixing prices by the state governments and heavy discounts offered especially by the small scale manufacturers. The profitability of the SSP industry received a further setback by imposition of import duties on rock and sulphur. Abnormal delay in payment of subsidy by the Central Government has increased the interest burden.

Your Company is focusing on optimising supply chain to reduce costs and increase customer service, including exploring third party sourcing to optimise costs. Further, to contain the threat posed by availability of cheap 'sub-standard' SSP, your Company has introduced field testing kits to analyse the quality which will strengthen your Company's "SHIP" brand.

The turnover of Speciality Chemicals increased by 18%. The Commodity and Speciality Chemicals business grew despite difficult growth environment for industrial products and imports led competition affecting our major products. There were severe cost pressures and various cost effectiveness measures have been initiated. Focus on value addition is continuing with the introduction of a speciality descalant for the power industry. The sale of this product is expected to grow in the coming years.

The Exports business had a record growth of 45% to achieve a turnover of Rs. 15.32 crores. In recognition of the export performance, your Company has now been awarded an Export House status. The growth in exports was led by Methane Sulphonic Acid, Sulfamic Acid and Diethyl Sulphate where we have increased our market share. Exports will continue to be a thrust area for growth.

The selling prices of all products remained under severe pressure during the year under review. Consequently, the Profit after Taxation for the year under review was lower than the corresponding Profit after Taxation for the previous year.

Your Company has initiated measures to simplify the business processes, improve cost effectiveness and increase the focus on customer service. This will enable the Company to improve its competitiveness in the coming years.

Your Company was awarded Certification under ISO 9002 for the products manufactured at its Unit at Jhar, District Amreli in the State of Gujarat. Thus Jhar Unit is the third Unit of the Company to get Certification under ISO 9002, in addition to its Units at Ambarnath and Roha in the State of Maharashtra.

RESEARCH & DEVELOPMENT

The Research & Development Centre (RDC) provides your Company with continuous flow of innovative processes and products with the focus on Speciality and Performance Chemicals.

The highlight of the RDC's work was the process and cost optimisation of Methane Sulphonic Acid (MSA) to produce special grades which resulted in a substantial increase in exports of MSA. Process for the manufacture of Methane Sulphonyl Chloride was optimised and this product would extend the range of our Thio Chemicals.

Process improvements in the manufacture of Sulfamic Acid, Diethyl Sulphate and Benzene Sulphonyl Chloride are in hand to improve quality, reduce costs and ensure competitiveness in the international market. Improved process for the manufacture of Benzene Disulphonic Acid will result in cost reduction for Resorcinol.

New Speciality and Performance Chemicals are being evaluated to move up the value chain in our portfolio. A coagulant for the rubber latex industry has been accepted by the Rubber Board of India and it will be marketed from the current year.

In order to speed up the development of new processes, collaboration with the Indian Institute of Chemical Technology, Hyderabad, has been initiated.

SUBSIDIARY

The audited statements of accounts of DMCC OIL TERMINALS (NAVLAKHI) LIMITED (DOTL), a subsidiary of the Company, for the year ended 31st March, 2000, together with the reports of its Directors and Auditors, as required under Section 212 of the Companies Act, 1956 are attached to the accounts of the Company.

During the year under review, the Company has invested Rs. 500 lacs in the Equity Share Capital of DOTL. With this investment, your Company's total investment in DOTL has increased from Rs. 650 lacs to Rs. 1150 lacs.

The Project has progressed and DOTL is in an advanced stage of negotiations with local and foreign parties for the equity tie-up. The Asian Development Bank, Manila (ADB) has financed the pipeline project of Gas Authority of India Ltd. ADB has indicated to DOTL that it is, in principal, interested in the Project and may provide financial support both by equity participation and granting of loan.

The Ministry of Petroleum and Natural Gas has now notified Navlakhi as a port for import of petroleum products. Accordingly, DOTL will now be in a position to handle import of a wide range of petroleum products such as Kerosene, HSD, Naptha, etc.

YEAR 2000 COMPLIANCE

Your Company managed to rollover to the new millennium in a smooth manner, thanks to the intensive efforts undertaken in the past two years. The Company's preparation to ensure smooth rollover included detailed inventory of its computers and assets in use in a variety of areas ranging from R&D, manufacturing, sales and MIS. Software and hardware susceptible to malfunction were either suitably modified or replaced.

These initiatives have ensured that there was no adverse impact of the Y2K rollover on the Company's operations.

SCHEME OF AMALGAMATION

As per the Scheme of Amalgamation of Udaipur Phosphates and Fertilisers Ltd. (UPFL) with the Company, the Company has allotted 10,05,914 equity shares of Rs. 10/- each fully paid-up of the Company to the shareholders of erstwhile UPFL on 20th December, 1999, in the ratio of two Equity Shares of Rs. 10/- each fully paid-up of the Company for every seven equity shares of Rs. 10/- each fully paid-up of erstwhile UPFL.

ALLOTMENT OF PREFERENCE SHARES

The Directors of your Company have allotted on 5th July, 1999, on Private Placement basis, to Housing Development Finance Corporation Ltd., 6,00,000 11.5% Redeemable Cumulative Non-convertible Preference Shares of Rs. 100/- each, at par, aggregating to Rs. 600 lacs. These Preference Shares are redeemable in three equal installments of Rs. 200 lacs each at the end of 4th, 5th and 6th years from the date of allotment.



The Directors of your Company have also allotted on 30th August, 1999, on Private Placement basis, to HDFC Bank Ltd, 4,00,000 11.5% Redeemable Cumulative Non-convertible Preference Shares of Rs. 100/- each, at par, aggregating to Rs. 400 lacs. These Preference Shares are redeemable in three equal installments of Rs. 133.33 lacs each at the end of 4th, 5th and 6th years from the date of allotment.

DEMATERIALIZATION OF SHARES

Your Company has entered into Agreements with The National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and IIT Corporate Services Ltd. for joining Depository System. With this, the members have the option to hold their demat shares in the Company through NSDL or CDSL.

In terms of the Notification No. SMDRP/POLICY/CIR/23/2000 dated 29th May, 2000, issued by Securities and Exchange Board of India, the Equity Shares of your Company will be under compulsory demat trading by all investors, with effect from 28th August, 2000.

DIRECTORS

Shri D. P. Goculdas, Shri D. S. Parekh and Shri D. N. Vaze retire by rotation under Article 135 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

The terms of appointment of Shri J. L. Thakkar as Managing Director and Shri H. T. Kapadia as Joint Managing Director ended on 31st March, 2000. The Directors place on record appreciation for the long association and valuable contribution made by Shri J. L. Thakkar and Shri H. T. Kapadia during their tenure of service with the Company.

Shri V. K. Punshi has been appointed by the Board of Directors as the Managing Director of the Company for a period of three years with effect from 1st April, 2000, subject to the approval of the shareholders.

The term of appointment of Shri D. N. Vaze who was appointed as Executive Director (Finance) ended on 31st March, 2000. Subject to the approval of the shareholders, he has been re-appointed as Whole-time Director of the Company designated as Executive Director (Finance) for a period of three years with effect from 1st April, 2000.

Consequent upon the amalgamation of Udaipur Phosphates and Fertilisers Ltd. (UPFL) with the Company, the term of office of Shri D. P. Goculdas as Executive Director of UPFL ended on 27th August, 1999. Keeping in view his wide experience, he has been, subject to the approval of the shareholders, appointed as Whole-time Director of the Company from 20th September, 1999 to 31st March, 2003.

Shri H. T. Kapadia, who has retired as Joint Managing Director of the Company as on 31st March, 2000, has been associated with the affairs of the Company for a long time. Keeping in view his wide experience in the Company, the Board of Directors has appointed him as an Additional Director on the Board with effect from 1st April, 2000. As per provisions of Section 260 of the Companies Act, 1956, Shri H. T. Kapadia will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri H. T. Kapadia for office of Director, under the provisions of Section 257 of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

As per Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange are given in the prescribed format as an Annexure-I to this report.

PARTICULARS OF EMPLOYEES

Particulars of employees as required to be disclosed in the Directors' Report in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are given in Annexure-II to this report.

PUBLIC DEPOSITS

Out of deposits which matured during the year, 228 deposits aggregating to Rs. 18,16,500/- remained unclaimed as on 31st March 2000, of which 76 deposits amounting to Rs. 6,99,000/- have since been renewed/repaid.

AUDITORS

M/s. K. S. Aiyar & Co., Chartered Accountants, the existing Auditors have, under Section 224 (1-B) of the Companies Act, 1956, furnished Certificate of their eligibility for re-appointment.

ACKNOWLEDGMENTS

The Directors are thankful to the various Departments of Central and State Governments, Financial Institutions and Banks for their valuable support. The Directors also express their appreciation to all the employees of the Company for their contribution to the operations of the Company.

For and on behalf of the Directors

R. M. GOCULDAS
Chairman

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

Date : 28th July, 2000.