



**THE DHARAMSI MORARJI
CHEMICAL COMPANY LTD.**

**90th
Annual Report
2010 - 2011**



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Directors

Laxmikumar Narottam Goculdas Chairman

Haridas Tricumdas Kapadia

Madhu Thakorlal Ankleshwaria

Arvind Wasudeo Ketkar

Shantilal Tejshi Shah

Key Management Personnel

Dilip Pratapsingh Goculdas Chief Executive Officer
(upto 6-4-2011)

Bimal Lalitsingh Goculdas Chief Executive Officer

Dilipkumar Nilkanth Vaze Chief Finance Officer

Dilip Trimbak Gokhale Vice President (Legal /
Corporate Affairs) &
Company Secretary

Auditors

K.S.Aiyar & Co.
Chartered Accountants

Legal Advisers

Bhaishanker Kanga & Girdharlal

Bankers

The Federal Bank Ltd.

Registered Office

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

Factories

Ambernath (Maharashtra)
Roha (Maharashtra)
Jhar (Gujarat)
Khemli (Rajasthan)

Registrars and Transfer Agents

Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.
Tel. : 9522-25963838 Fax : 25946969
Email : rnt.helpdesk@linkintime.co.in

NOTICE TO MEMBERS

The Ninetieth 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 6th day of September, 2011 at 11.45 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Statements of Account for the nine months financial year ended 31st March, 2011.
2. To appoint a Director in place of Shri. Laxmikumar Narottam Goculdas, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. M.T. Ankleshwaria, 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 consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary 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 90th Annual General Meeting until the conclusion of the 91st 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."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the resolution passed at the 88th Annual General Meeting held on 9th September, 2009 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, approval of the Shareholders of the Company be and is hereby accorded to the revision in the salary of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer and ' Manager ' of the Company within in the meaning of the Companies Act, 1956, to take effect from April 01, 2011, for the unexpired period of his term of appointment upto 31st March, 2012, upon the terms and conditions as set out in the explanatory statement annexed to this notice convening this Annual General Meeting."

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business as set out in Item No. 5 above is annexed hereto.
2. 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.
3. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
4. The Register of Members will be closed from Tuesday, the 30th August, 2011 to Tuesday, 6th September, 2011 (both days inclusive).
5. 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.
6. Members are requested to notify changes of address, if any, to the Company.
7. 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.
8. 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.

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. 5 mentioned in the Notice dated 25th July, 2011.

Item No. 5

The appointment and remuneration payable to Shri Bimal Lalitsingh Goculdas, Chief Executive Officer (Chemical Business) and ' Manager ' of the Company within in the meaning of the Companies Act, 1956 were approved by the Shareholders of the Company at the 88th Annual General Meeting of the Shareholders of the Company held on 9th September, 2009, for a period of three years from 1st April, 2009 to 31st March, 2012.

In partial modification of the said resolution passed at the said Annual General Meeting, as aforesaid, it is proposed to revise the salary and house rent allowance payable to Shri Bimal Lalitsingh Goculdas. The Shareholders must have noted from the Directors Report that Shri Dilip Pratapsingh Goculdas, the Chief Executive Officer (Agri Business) of the Company has resigned from the services of the Company with effect from 6th April, 2011. Consequent upon the resignation of Shri Dilip Pratapsingh Goculdas, Chief Executive Officer (Agri Business), and ' Manager ' of the Company within in the meaning of the Companies Act, 1956, Shri Bimal Lalitsingh Goculdas has now undertaken management and business responsibilities of the Agri Business of the Company, in addition to the Chemical Business of the Company. Therefore, the Board of Directors of the Company has



proposed to re designate him as, Chief Executive Officer of the Company. He will continue to be the 'Manager' of the Company within in the meaning of the Companies Act, 1956. The Board has also proposed to revise the remuneration viz. salary and house rent allowance payable to Shri Bimal Lalitsingh Goculdas for the unexpired period of his appointment effective from 01.04.2011 to 31st March, 2012 as under:

Salary : Rs. 1,00,000 per month and

House Rent Allowance : Rs. 29,000/- per month

All other terms and conditions of his appointment and remuneration as approved at the 88th Annual General Meeting of the Company held on 9th September, 2009 remain unchanged.

This statement read alongwith the aforesaid relevant resolution may be deemed as an abstract of the variation of the terms of appointment and remuneration, as required to be sent to the Shareholders of the Company in terms of Section 302 of the Companies Act, 1956.

The Directors recommend this resolution for adoption by the Members.

None of the Directors of the Company is in any way concerned or interested in this resolution. However Shri Bimal Lalitsingh Goculdas, Chief Executive Officer and 'Manager' of the Company within in the meaning of the Companies Act, 1956 may be deemed to be concerned or interested in this resolution, since it relates to the terms and conditions of his appointment.

By Order of the Board

D. T. Gokhale
Company Secretary

Registered Office:

Prospect Chambers,
317/21, Dr. Dadabhoy Naoroji Road,
Fort, Mumbai 400 001.
Mumbai 25th July, 2011.

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 Laxmikumar Narottam Goculdas	Shri M.T. Ankleshwaria
Date of Birth	17-9-1943	23-8-1949
Date of Appointment	6-3-1992	31-7-2009
Qualifications/ Expertise in specific functional areas	Industrialist with rich business experience in general	B.Com. (Hons), F.C.A. - Practising Chartered Accountant for over three decades. EX- Head of the Department of "Accountancy" at N.M. College of Commerce and Economics, Vile Parle (W), Mumbai 400 056.
List of Public Companies in which outside Directorship held as on 25 th July, 2011.	Borax Morarji Limited	Nil
Chairman/Member of the Committee of the other Public Companies on which he is a Director as on 25 th July, 2011.	Member of the Audit Committee and the Chairman of the Shareholders' Grievance Committee of Borax Morarji Limited	None
Shareholding	4469081 Equity Shares	Nil

DIRECTORS' REPORT (Including Management Discussion and Analysis Report)

The Directors are pleased to present their Ninetieth Annual Report together with the accounts of the Company for the financial year ended 31st March, 2011 (nine months).

FINANCIAL RESULTS

	Financial Year ended 31 st March, 2011 (9 Months) Rs. in lacs	Financial Year ended 30 th June, 2010 (15 Months) Rs. in lacs
Gross Turnover	4743.72	6584.40
Gross Profit / (Loss)	7.19	(2387.21)
Less : Depreciation & Lenders' Sacrifice Amortisation	486.70	798.84
Profit/(Loss) before Taxation	(479.51)	(3186.05)
Less: Provision for Taxation	0.02	0.02
Profit/(Loss) after Taxation	(479.53)	(3186.07)
Add: Balance brought forward	(8877.89)	(5691.82)
Balance carried forward	(9357.42)	(8877.89)
The following is the Gross turnover by group of products:		
Single Superphosphate	4.50	41.15
Commodity Chemicals	2376.19	3443.30
Specialty Chemicals	1914.75	2745.13
Others	448.28	354.82
Total	4743.72	6584.40

The Company has closed the current financial year of nine months as on 31st March, 2011 as decided by the Board of Directors of the Company. Accordingly, financial statements for the current financial year have been prepared for a period of nine months commencing from 1st July, 2010 and ending on 31st March, 2011. Therefore, the Gross Turnover for the Financial Year ended 31st March, 2011 is not comparable with the Gross Turnover for the previous Financial Year ended 30th June, 2010 (15 months).

In view of the loss during the year under review, your Directors have not recommended any Dividend on Cumulative Preference Shares and Equity Shares of the Company, for the nine months financial year ended 31st March, 2011.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(a) Overview of operations

- The Company's fertiliser business continued to get adversely affected, inter alia, due to strained liquidity and shortage of Working Capital. This has forced your Company to reduce volumes of the fertiliser business, during the year under review. Consequently the turnover in respect of fertilizers during the current financial year ended 31st March, 2011 was very small.
- The turnover of Commodity Chemicals during the current Financial Year ended 31st March, 2011 was lower at about Rs. 24 crores as compared to the turnover of about Rs. 34 crores, during the previous Financial Year ended 30th June, 2010 mainly due to the fact that the current Financial Year was for 9 months as compared to the previous Financial Year for 15 months. The turnover of Speciality Chemicals during the current Financial Year was also lower at about Rs. 19 crores, as compared to the turnover of about Rs. 27 crores during the previous Financial Year ended 30th June, 2010 mainly due to the fact that the current Financial Year was for 9 months as compared to the previous Financial Year for 15 months.

(b) Prospects in the Industry :

Fertilisers and Chemicals

The Company's Fertilisers and Chemical businesses continue to be adversely affected by severe working capital constraints experienced by the Company, resulting in reduced capacity utilization. The Company expects to increase its capacity utilization, after completing Corporate Financial Restructuring.

Cautionary Statement

Statements in this "Management Discussion and Analysis Report" describing the Company's objectives, projections, estimates, expectations or predictions may be considered as "forward looking statements" within the meaning of applicable securities laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of the future performance and outlook.

CORPORATE FINANCIAL RESTRUCTURING

The Management is continuing its endeavors for Corporate Financial Restructuring, with a view to improve the operational and financial performance of the Company. Towards this end, the Company has obtained the requisite approval of its shareholders under Section 293 (1) (a) of the Companies



Act, 1956 for sale/transfer/disposal of its land, factory buildings and plant and machinery at its Ambarnath Factory. Further steps are being taken to complete Corporate Financial Restructuring.

ADEQUACY OF INTERNAL CONTROLS

Your Company has clearly laid down policies, guidelines and procedures which form part of its internal control system. The Audit Committee of the Board periodically reviews reports of Internal Auditors, *inter alia*, on adherence by the operating Management of such policies and procedures and suggests changes/modifications and improvements on a continuous basis. The Company has a strong, independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and that transactions are authorised, recorded and reported correctly. The internal control systems are supplemented by a programme of internal audit.

HUMAN RESOURCE DEVELOPMENT

As an ongoing exercise of restructuring and re-organisation, the Company has undertaken periodic comprehensive reviews of its HR policies and amended the same suitably, from time to time.

DIRECTORS/KEY MANAGEMENT PERSONNEL

Shri Laxmikumar Narottam Goculdas and Shri M.T. Ankleshwaria, Directors, are retiring by rotation under Article 135 of the Articles of Association of the Company and being eligible, offer themselves for re- appointment.

Shri D. P. Goculdas, Chief Executive Officer (Agri. Business) of the Company resigned from the services of the Company with effect from 6th April, 2011. The Board places on record its appreciation for the valuable contributions made by Shri D. P. Goculdas, during his tenure of services with the Company.

The Company continues its operations under the leadership of the Senior Corporate Management Team comprising of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer, Shri D. N. Vaze, Chief Finance Officer and Shri D.T.Gokhale, Vice President (Legal/ Corporate Affairs) and Company Secretary.

AUDITORS' OBSERVATIONS

As regards the Auditors' observation regarding recognition of "Deferred Tax Asset" amounting to Rs. 2654.15 lacs, the Company, based on the proposed association with a "Strategic Investor", is confident that this proposed association will result in significant additional revenue and profits.

As regards the Auditors' observation regarding crediting of "Waived Dues" aggregating to Rs. 3362.76 lacs (representing only the principal amount of borrowings) to the "Capital Reserve" of the Company, this amount has been credited to the "Capital Reserve" since these "Waived Dues" are of capital nature. Further, this treatment of crediting the "Waived Dues" to the "Capital Reserve" (instead of crediting the same to the Profit and Loss Account) is in compliance with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 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

During the nine months financial year ended 31st March, 2011 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.

PUBLIC DEPOSITS

Out of deposits which matured during the nine months financial year ended 31st March, 2011, 171 deposits aggregating to Rs. 18,88,000/- remained unclaimed as on 31st March, 2011, of which 4 deposits amounting to Rs. 42,000/- have since been claimed and 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 a Certificate of their eligibility for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have 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 the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

NINETIETH ANNUAL REPORT JULY, 2010 TO MARCH, 2011 (9 Months)

CORPORATE GOVERNANCE

Your Company has been practicing the principles of good Corporate Governance over the years and the Board of Directors lays strong emphasis on transparency, accountability and integrity. Your Company has adopted a Code of Conduct which is approved by the Board of Directors as required under the Listing Agreement with the Stock Exchange, Mumbai. The Directors and the Management Staff have confirmed their adherence to the provisions of the said code. Your Company has also evolved a Risk Management Policy regarding risk assessment and risk mitigation mechanism, which has been approved by the Board of Directors. A separate report on Corporate Governance is annexed as a part of the Annual Report, along with the Auditors' Certificate on its compliance.

ACKNOWLEDGMENTS

The Directors are thankful to your Company's shareholders, customers, suppliers, contractors, various departments of Central and State Governments and Banks for their continued valuable support.

The relations between the employees and the management continue to be cordial. Your Directors place on record their appreciation of the sincere and devoted efforts of the employees at all levels and their continued co-operation, commitment, sense of understanding and the sacrifices made by them during the difficult and critical period which the company is passing through.

Management of your Company is confident that with the active co-operation from all the stake holders of the Company, the Company will be in a position to overcome this difficult phase.

For and on behalf of the Board

Laxmikumar Narottam Goculdas
Chairman

Registered Office :

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

Date : 25th July, 2011.



ANNEXURE I TO THE DIRECTORS' REPORT

(Under Section 217(1) (e) of the Companies Act, 1956)

DISCLOSURES

A. CONSERVATION OF ENERGY

FORM A

POWER AND FUEL CONSUMPTION

		July, 2010 to March, 2011 (9 months)	April, 2009 to June, 2010 (15 months)
1. Electricity Purchased			
	Unit (Lac KWH)	35.33	57.24
	Total Amount (Rs. lacs)	209.20	311.09
	Rate/Unit (Rs./KWH)	5.92	5.43
2. Furnace Oil			
	Quantity (K.Litre)	38.23	73.70
	Total amount (Rs Lacs)	9.34	16.39
	Average Rate (Rs/KL)	24440	22244
CONSUMPTION PER TONNE OF MAJOR PRODUCTS			
	Electricity (Unit-KWH)		
1.	Single Superphosphate	31	31
2.	Sulphuric Acid 100%	59	59

FORM B

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D is carried out by the Company :

The Company has an R&D Centre which is approved by the Department of Scientific & Industrial Research, Govt. of India, New Delhi.

Areas in which R&D activity was carried out includes :

- Process and cost optimisation of existing Speciality Chemicals so as to be competitive in the domestic and international market.
- Development of the processes for making value added products to cater to the need of local and export market.
- Technical support to Marketing efforts for launching new products and for troubleshooting of existing products.

2. Benefits derived as a result of the above R&D :

- Quality and yield improvement of the existing products.
- Manufacture and supply of some of the products as per the customers' specifications.

3. Future plan of action :

- Studies on the preparation of new Speciality Chemicals and formulations with special emphasis on value addition.
- Focus on ethylation & sulphonation Chemistry to develop new products.

4. Expenditure on R&D :

Rs. lacs

	July, 2010 to March, 2011 (9 months)	April, 2009 to June, 2010 (15 months)
(i) Capital	0.00	0.00
(ii) Recurring	11.86	15.50
(iii) Total	11.86	15.50
(iv) Total R&D expenditure as a percentage of gross turnover	0.25%	0.24%

NINETIETH ANNUAL REPORT JULY, 2010 TO MARCH, 2011 (9 Months)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation:**

Technology upgradation and innovation are matters of a continuous process in the Company.

2. **Benefits :**

Increased capacity, cost reduction, improvement in quality and flexibility to meet market demands .

3. **Technology imported during the last five years.**

No technology was imported during the last five years.

C. **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars of foreign exchange earned/ utilised are as under:

Rs.in lacs

	July, 2010 to March, 2011 (9 months)	April, 2009 to June, 2010 (15 months)
EARNINGS IN FOREIGN EXCHANGE :		
Export of goods calculated on FOB basis	917.45	1247.85
Turnkey project sales	12.12	15.01
Total Foreign Exchange earned	929.57	1262.86
OUTGO IN FOREIGN EXCHANGE:		
(1) VALUE OF IMPORTS CALCULATED ON CIF BASIS : Raw Materials and boughtouts	79.24	Nil
(2) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC.	25.98	33.02
Total Foreign Exchange outgo	105.22	33.02

For and on behalf of the Board

Laxmikumar Narottam Goculdas
Chairman

Registered Office :

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

Date : 25th July, 2011.