



**THE DHARAMSI MORARJI
CHEMICAL COMPANY LTD.**

**92nd
Annual Report
2012 - 2013**



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Directors

Shri Laxmikumar Narottam Goculdas Chairman
Shri Haridas Tricumdas Kapadia
Shri Madhu Thakorlal Ankleshwaria
Shri Arvind Wasudeo Ketkar
Shri Shantilal Tejshi Shah
Ms Mitika Laxmikumar Goculdas

Key Management Personnel

Shri Bimal Lalitsingh Goculdas Chief Executive Officer
Shri Dilip Trimbak Gokhale Executive Vice President
& Company Secretary
Shri Dilipkumar Nilkanth Vaze Chief Finance Officer
(upto 09-08-2012)
Shri Dharmarajan Kalyan Sundaram Chief Finance Officer
(from 16-10-2012)

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. : 022-25963838 Fax : 25946969
Email : rnt.helpdesk@linkintime.co.in

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NOTICE TO MEMBERS

The Ninety Second 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 Wednesday, the 25th day of September, 2013 at 11.30 a.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, 2013.
2. To appoint a Director in place of Shri H. T. Kapadia, 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 92nd Annual General Meeting until the conclusion of the 93rd 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."

NOTES :

1. 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.
2. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
3. The Register of Members will be closed from Wednesday, the 18th September, 2013 to Wednesday, 25th September, 2013 (both days inclusive).
4. 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.
5. Members are requested to notify changes of address, if any, to the Company.
6. 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.
7. 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.

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 7th 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 H. T. Kapadia	Shri M. T. Ankleshwaria
Date of Birth	17-02-1935	23-08-1949
Date of Appointment	06-10-1978	31-07-2009
Qualifications / Expertise in specific functional areas	B.Sc., Diploma in Chemical Engineering. Wide business experience in Fertiliser and Chemical Industries.	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 7 th August, 2013.	None	None
Chairman/Member of the Committee of the other Public Companies on which he is a Director as on 7 th August, 2013.	None	None
Shareholding	11448	Nil



DIRECTORS' REPORT (Including Management Discussion and Analysis Report)

The Directors are pleased to present their Ninety Second Annual Report, together with the accounts of the Company for the financial year ended 31st March, 2013.

FINANCIAL RESULTS

	Financial Year ended 31st March, 2013 Rs. in lacs	Financial Year ended 31st March, 2012 Rs. in lacs
Sales Turnover (Net of Excise Duty)	8559.15	8132.75
Gross Profit / (Loss)	244.27	87.73
Less : Depreciation	509.96	486.06
Add : Non recurring items	3591.07	Nil
Profit/(Loss) before Taxation	3325.38	(398.33)
Less: Provision for Taxation	-	-
Profit/(Loss) after Taxation	3325.38	(398.33)
Add: Balance brought forward	(6227.11)	(5828.78)
Balance carried forward	(2901.73)	(6227.11)

The following is the Sales Turnover(Net of Excise Duty) by group of products:

Single Superphosphate	Nil	Nil
Commodity Chemicals	2972.70	4138.99
Specialty. Chemicals	4478.04	3176.95
Others	1108.41	816.81
Total	8559.15	8132.75

In view of the accumulated losses, your Directors have not recommended any Dividend on Cumulative Preference Shares and Equity Shares of the Company, for the financial year ended 31st March, 2013.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(a) Overview of operations

- The Company's fertilizer business viz. Single Superphosphate (SSP) continued to be adversely affected, inter-alia, due to strained liquidity and shortage of Working Capital. This has forced your Company to discontinue the production of SSP. Consequently, there is no turnover of SSP fertilizers during the current financial year ended 31st March, 2013 and previous financial year ended 31st March, 2012. The Company doesn't intend to restart manufacture of SSP on its own, due to the huge Working Capital requirements and uncertain Government Policies. The Company will continue to operate our SSP plant at Khemli under a toll manufacturing agreement.
- The turnover of Commodity Chemicals during the current Financial Year ended 31st March, 2013 was lower at Rs. 29.73 crores as compared to the turnover of Rs. 41.39 crores during the previous Financial Year, mainly due to decline in the selling price of Sulphuric Acid during the current Financial Year. The turnover of Specialty Chemicals during the current Financial Year ended 31st March, 2013 was Rs. 44.78 crores as compared to Rs.31.77 crores in the previous year . The Export turnover of the Company during the current Financial Year ended 31st March, 2013 was Rs. 31.70 crores compared to Rs.19.90 crores for the previous Financial Year . Your Company continues to make efforts to develop new markets and customers.

(b) Prospects in the Industry :

Fertilisers and Chemicals

The Working Capital needs of the Company's Chemical business have increased due to the better capacity utilisation. The Management of the Company is actively exploring various options including approaching the Banks to meet the working capital requirements of the Company.

The Company continues to manufacture SSP at its Khemli, Udaipur Unit, on conversion basis. The Company is also looking at options to make use of its popular "SHIP" Brand by permitting its use by other manufacturers and marketers of SSP Fertiliser.

In view of the changed scenario as regards the SSP Fertiliser business, Strategic Investor may not bring in additional funds and eventually may opt out its Association with the Company. The Company has utilized major part of the amount given by the Strategic Investor for settlement of secured lenders, settlement of workers dues and payment of other old statutory and non statutory outstanding amounts. The Company is in the final stage of completing the transaction of the sale/transfer of land at Ambernath as also sale /transfer of the plant and machinery at Ambernath.

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With the near exit from fertilizer business, the Company has increased the capacity utilization of its Chemical Plants at Roha. The Research and Development (R&D) Team of your Company at Roha is in the process of developing new Specialty Chemicals and improved processes for existing Specialty Chemicals with high margins. The R&D Team of your Company continues its efforts for improvement in processes to achieve cost reduction in the existing products of the Company.

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

In furtherance to the requisite approval of the shareholders of the Company obtained on 17th August, 2010, under Section 293(1) (a) of the Companies Act, 1956, for the sale/transfer/disposal of its land, factory buildings and plant and machinery at its Ambernath Factory, steps are being taken to complete Corporate Financial Restructuring. The Management is continuing its endeavors to complete the Corporate Financial Restructuring, with a view to improve the operational and financial performance of the Company.

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 strong, independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposal and the transactions are authorized, recorded and reported correctly. The internal control systems are supplemented by a programme of internal audit.

HUMAN RESOURCE DEVELOPMENT

As an ongoing exercise of the restructuring and re-organisation, the Company undertakes periodic comprehensive reviews of its HR policies and amends the same suitably from time to time, to meet the emerging business requirements.

DIRECTORS/KEY MANAGEMENT PERSONNEL

Shri H.T. Kapadia 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.

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.T.Gokhale, Executive Vice President and Company Secretary and Shri D.K.Sundaram, Chief Finance Officer.

AUDITORS' OBSERVATIONS

As regards the Auditors' observation regarding the Deferred Tax Asset amounting to Rs. 2654.15 lacs as at the end of the Financial Year, ending 31st March, 2009, it may please be noted that, thereafter, in view of the changed circumstances, the Company has not created any additional Deferred Tax Asset.

The Company's Export Chemical business has been growing since last three years. The Company has also concentrated in R & D activity to identify and develop new products with high quality standards. The Company therefore expects to improve business growth in domestic and export markets at an increasing rate. The Company is also putting efforts in strengthening marketing strategy of the Company. In the circumstances, the Board of Directors reasonably expect, barring unforeseen circumstances, virtual certainty of realization of Deferred Tax Asset, mainly resulting from un-absorbed depreciation and carried forward losses. Therefore, the said Deferred Tax Asset of Rs. 2654.15 Lacs as on 31st March, 2013 is being carried forward without any addition thereto since the Financial Year ending 31st March, 2009.

As regards the Auditors' observation regarding non compliance with regard to the deposits accepted from public including non-filing of returns of Fixed Deposit, it may please be noted that the Company has not accepted or renewed any deposit from public and shareholders from the financial year 2006-2007 onwards and there is no default in respect of repayment of the matured Fixed Deposits and interest payable thereon. The Company has filed the Fixed Deposit Return on 26th June, 2013 for the Financial Year 2012-13.

The Company has also deposited all the unclaimed deposit amounts which are due for more than seven years with Investor Education and Protection Fund.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

As per Section 217 of the Companies Act, 1956, read with The 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 financial 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.

PUBLIC DEPOSITS

Out of the unclaimed deposits of Rs. 1826000/- as on 31st March, 2012, the Company has transferred/paid Rs. 1265000/- to Investor Education and Protection Fund as required. In addition, Rs.50000/- have been paid to the depositors, who claimed the same during the financial year 01.04.2012 to 31.03.2013. Therefore only 38 deposits aggregating to Rs. 511000/- have remained unclaimed as on 31st March, 2013.

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.

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 holder of the Company, the Company will be in a position to overcome this difficult phase.

For and on behalf of the Board
LAXMIKUMAR NAROTTAM GOCUL DAS
Chairman

Registered Office :

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

Date : 07th August, 2013.

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**

		April, 2012 to March, 2013	April, 2011 to March, 2012
1.	Electricity Purchased		
	Unit (Lac KWH)	64.01	50.81
	Total Amount (Rs. lacs)	498.43	361.46
	Rate/Unit (Rs./KWH)	7.79	7.11
2.	Furnace Oil		
	Quantity (K.Litre)	176.23	126.20
	Total amount (Rs Lacs)	74.29	46.22
	Average Rate (Rs/KL)	42155	36624
	CONSUMPTION PER TONNE OF MAJOR PRODUCTS		
	Electricity (Unit-KWH)		
1.	Single Superphosphate	26	26
2.	Sulphuric Acid 100%	55	57

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. in lacs

	April, 2012 to March, 2013	April, 2011 to March, 2012
(i) Capital	0.00	0.00
(ii) Recurring	10.72	12.12
(iii) Total	10.72	12.12
(iv) Total R&D expenditure as a percentage of Gross Turnover	0.11%	0.14%



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

	April, 2012 to March, 2013	July, 2011 to March, 2012
EARNINGS IN FOREIGN EXCHANGE :		
Export of goods calculated on FOB basis	2972.51	1891.54
Total Foreign Exchange earned	2972.51	1891.54
OUTGO IN FOREIGN EXCHANGE:		
(1) VALUE OF IMPORTS CALCULATED ON CIF BASIS :		
Raw Materials and bought outs	0.00	0.00
(2) EXPENDITURE IN FOREIGN CURRENCY		
ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC.	32.75	16.14
Total Foreign Exchange outgo	32.75	16.14

For and on behalf of the Board

LAXMIKUMAR NAROTTAM GOCULDAS
Chairman

Registered Office:

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

Date: 07th August, 2013.

REPORT ON CORPORATE GOVERNANCE 2012-2013

1. Company's philosophy on Code of Governance

Your Company strongly believes that its system of Corporate Governance protects the interests of all the stakeholders by inculcating transparent business operations and accountability from management. The Core Values viz. Customer Focus, Team Work, Leadership, Innovation, Respect for People, Integrity and Performance guide the Company towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations. Accordingly, your Company has been practicing the broad principles of Corporate Governance over the years by placing strong emphasis on transparency, empowerment, accountability and integrity so as to continuously enhance values for stakeholders - the shareholders, the customers, the employees and the creditors.

2. Board of Directors

Composition & Size of the Board

Your Board comprises of an optimal complement of independent professionals having in-depth knowledge of the business and the industry. The size and composition of the Board conforms with the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchange, Mumbai. The Board is headed by the Non Executive Chairman, Shri Laxmikumar Narottam Goculdas. As on 31st March, 2013 the Board comprised of 6 Directors, all of whom were Non-Executive Directors. The Non-Executive Directors are eminent industrialists and professionals with experience in over-all management and finance, who bring a wide range of skills and experience to the Board. Out of these 6 Non - Executive Directors, 4 were Independent Directors, thereby complying with the requirement of having at least two third Independent Directors. None of the Directors has materially significant pecuniary or business relationship with the Company.

The information as required under Annexure 1A to Clause 49 is being made available to the Board. None of the Directors was a member of more than 10 Board- level committees nor a Chairman of more than 5 such committees, across all Companies in which he was a Director.

Number of Board Meetings held during the year along with the dates of the Meetings.

Six Board Meetings were held during the financial year ended 31st March, 2013. The dates on which the said meetings were held are as follows :

02nd April, 2012, 30th May, 2012, 08th August, 2012, 25th September, 2012, 09th November, 2012, and 13th February, 2013.

Attendance of each Director at the Board Meetings held during the financial year ended 31st March, 2013 & last Annual General Meeting and No. of other Directorships / Memberships of the Committee :

Sr. No.	Name of Directors	Category of Directorship (designation as on 31.03.2013)	No. of Board Meetings attended (out of 6 Meetings held)	Attendance at last AGM	No. of other directorships as on 31.03.2013@	No. of Board Committees of other companies in which Chairman, as on 31.03.2013	No. of Board Committees of other companies in which Member, as on 31.03.2013
1	Shri Laxmikumar Narottam Goculdas	Chairman	6	Yes	1	1	2
2	Shri H.T.Kapadia	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
3	Shri M.T.Ankleshwaria	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
4	Shri A.W.Ketkar	Non-Executive, Independent	5	No	Nil	Nil	Nil
5	Shri S.T.Shah	Non-Executive, Independent	6	Yes	5	Nil	2
6	Ms Mitika Laxmikumar Goculdas	Non-Executive, Promoter Group	6	Yes	1	Nil	Nil

@ Excludes foreign Companies, Private Companies and Alternate Directorships.

Details of Directors being appointed and re-appointed at the ensuing Annual General Meeting to be held on 25th September, 2013.

As per the Companies Act, 1956, not less than two-third of the Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, these Directors qualify for re-appointment.

Accordingly, Shri H. T. Kapadia and Shri M. T. Ankleshwaria retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume of the Directors being appointed/eligible for re-appointment is as follows :

Shri H. T. Kapadia

Shri H. T. Kapadia, Director of the Company has wide knowledge and experience in Industry, Trade, Commerce, Corporate Affairs and International Trade.

Shri M. T. Ankleshwaria

Shri M. T. Ankleshwaria has in-depth knowledge in Finance & Accounting and has been in practice as a Chartered Accountant, for over three decades.

He was the Head of Department of Accountancy at N. M. College of Commerce & Economics, Vile Parle (West), Mumbai 400 056.