



**THE DHARAMSI MORARJI  
CHEMICAL COMPANY LTD.**

**94th  
Annual Report  
2014 - 2015**



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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 Dharmarajan Kalyan Sundaram Chief Finance Officer

## Auditors

K.S.Aiyar & Co.  
Chartered Accountants

## Legal Advisers

Bhaishanker Kanga & Girdharlal

## Bankers

Janakalyan Sahakari Bank Ltd.  
The Federal Bank Ltd.

## Registered Office

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

## Factories

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](mailto:rnt.helpdesk@linkintime.co.in)

## NOTICE TO MEMBERS

Notice is hereby given that the Ninety Fourth Annual General Meeting of the Members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (CIN : L24110MH1919PLC000564) will be held at the Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Wednesday, the 23<sup>rd</sup> day of September, 2015 at 11:00 a.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2015 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms. Mitika Laxmikumar Goculdas (holding DIN 02879174), who retires from office by rotation and being eligible, offers herself for re-appointment.

3. **Ratification of appointment of Statutory Auditors and fixing their remuneration**

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Rules made thereunder, as amended from time to time, the appointment of Messrs. K. S. Aiyar & Company, Chartered Accountants, holding ICAI Firm Registration Number 100186W, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Ninety-Sixth Annual General Meeting of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, be and is hereby ratified."

4. **Ratification of Remuneration to Cost Auditor**

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

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies ( Audit and Auditors) Rules, 2014 ( including any statutory modification(s) or re- enactment (s) thereof, for the time being in force), Rules made thereunder, as amended from time to time, the remuneration payable to CMA Shri S. S. Dongare holding ICWA Registration Number 12521, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016, amounting to Rs. 66,000 ( Rupees Sixty Six Thousand Only) as also the payment of service tax as applicable and re-imbursement of actual out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

### NOTES :

- a. An Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013 in respect of item no. 3 and 4 mentioned above is annexed hereto :
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ( AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE 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 i.e. by 11.00 a.m. on Monday, September 21, 2015. Proxies submitted on behalf of Companies, Societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by on behalf of the nominating organization.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

Provided that a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

- c. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- d. The Register of Members and the Transfer Books of the Company shall remain closed from Thursday, the 17<sup>th</sup> September, 2015 to Wednesday, 23<sup>rd</sup> September, 2015 (both days inclusive).
- e. 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.
- f. Members are requested to notify changes of address, if any, to the Company.
- g. 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.
- h. 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.
- i. To support the "Green Initiative", the Members who have not registered their e-mail addresses are requested to register the same with Registrars/ Depositories.
- j. Voting through electronic means : In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically through the e-voting services provided by the Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

The Instructions for shareholders voting electronically are as under :-

- (i) The voting period begins on Saturday, 19<sup>th</sup> September, 2015 (9.30 am IST) and ends on Tuesday, 22<sup>nd</sup> September, 2015 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date 16<sup>th</sup> September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders



- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in physical form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Dmat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository participant are requested to use the sequence number which is printed on Postal Ballot/ Attendance Slip indicated in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or dividend bank details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach "password creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that these password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolution contained in this Notice.
- (xi) Click on the EVSN for (The Dharamsi Morarji Chemical Company Limited) on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired.
- The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders and Custodians :

Non-Individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

#### Other Instructions :

- The e-voting period commences on Saturday, 19<sup>th</sup> September, 2015 (9.30 am IST) and ends on Tuesday, 22<sup>nd</sup> September, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in electronic form, as on 16<sup>th</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed by the Member, he/she shall not be allowed to change it subsequently.
- The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on Wednesday, 16<sup>th</sup> September, 2015.

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- (iii) Mr. Jatin Popat, Proprietor, JSP Associates, Practicing Company Secretary (Membership No. FCS No. 4047 C.P.NO.6880), has been appointed as the Scrutinizer to conduct the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (iv) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witness not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- (v) Members who do not have access to e-voting facility may return the duly completed Ballot Form in the prepaid Business Reply Envelope (enclosed with the Annual Report) so as to reach the Scrutinizer at the Registered Office of the Company not later than Tuesday, 22<sup>nd</sup> September, 2015 (5.00 p.m. IST).
- (vi) Members have the option to request for physical copy of the Ballot Form by sending on e-mail to [investor@dmcc.com](mailto:investor@dmcc.com) by mentioning their Folio No./DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Tuesday, 22<sup>nd</sup> September, 2015 (5.00 p.m. IST). Ballot Forms received after this date will be treated as invalid.

**A Member can opt for one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both these modes, then voting done through e-voting shall prevail and the vote cast through Ballot shall be treated as invalid.**

- (vii) The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.dmcc.com](http://www.dmcc.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) within two days of the passing of the resolutions at the Ninety-Fourth AGM of the Company on 23<sup>rd</sup> September, 2015 and communicated to BSE Limited, where the shares of the Company are listed.

By Order of the Board of Directors,

D. T. Gokhale  
Company Secretary

**Registered Office:**

Prospect Chambers,  
317/321, Dr. Dadabhoy Naoroji Road,  
Fort, Mumbai 400 001.  
CIN : L24110MH1919PLC000564  
Website: [www.dmcc.com](http://www.dmcc.com)  
e-mail : [dgokhale@dmcc.com](mailto:dgokhale@dmcc.com)

Date : 12<sup>th</sup> August, 2015.



## EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013( the Act), and Article 89 (2) of the Articles of Association of the Company the following Explanatory Statement sets out all material facts relating to the business mentioned under item Nos. 3 and 4 of the accompanying Notice dated 12<sup>th</sup> August, 2015.

### Item No.3:

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

Messrs. K. S. Aiyar & Company, Chartered Accountants, holding ICAI Firm Registration Number 100186W, were appointed as the statutory auditors of the Company for a period of three years at the Annual General Meeting (AGM) of the Company held on 18<sup>th</sup> September, 2014.

As per provisions of Section 139(1) of the Act/terms of appointment, their appointment for the above tenure is subject to ratification by Members at every AGM.

Accordingly, ratification of the Members is being sought for the proposal contained in the Resolution set out at Item No. 3 of the accompanying Notice.

The Board recommends the Resolution at Item No. 3 of the accompanying Notice for ratification by the Members of the Company.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested (financially or otherwise) in the Resolution at Item No. 3 of the accompanying Notice.

### Item No. 4

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board of Directors has approved the re-appointment of CMA Shri. S. S. Dongare holding ICWA Registration No. 12521, as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2015-16, at a remuneration of Rs. 66,000/- (Rupees Sixty Six thousands) plus Service Tax and actual out-of-pocket expenses.

CMA Shri. S. S. Dongare has furnished a certificate regarding his eligibility for appointment as Cost Auditors of the Company. He has vast experience in the field of cost audit and has conducted the audit of the cost records of the Company for the previous year under the provisions of the Act.

The Board recommends the Resolution at Item No. 4 of the accompanying Notice for ratification of the Cost Auditors' remuneration by the Members of the Company.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives are concerned or interested (financially or otherwise) in the Resolution at Item No. 4 of the accompanying Notice.

### Details of the Directors, Manager seeking appointment/re-appointment at the forthcoming Annual General Meeting :

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Ms Mitika Laxmikumar Goculdas
Date of Birth	11.08.1972
Date of Appointment	04.11.2011
Qualifications/Expertise in specific functional areas	MBA (Finance) from Pennsylvania State University, USA.
Directorships held in other companies (excluding foreign companies)	Borax Morarji Limited Gocul Gas Pvt. Ltd. Kosan Industries Pvt. Ltd. L.P. Gas Equipment Pvt. Ltd. L.P. Gas Transport & Bottling Co. Pvt. Ltd. Bombay Foods Pvt. Ltd. Phoenix Distributors Pvt. Ltd. Natural Gas Co. Pvt. Ltd. Autogas Conversion (India) Pvt. Ltd. B.S. and Service Pvt. Ltd. Phoenix Distributors Gas Agencies Bhopal Pvt. Ltd. B S and Services Gas Agencies Bhopal Pvt. Ltd. Jasraj Trading Co. Pvt. Ltd.
Committee position held in other committees	Nil
Shareholding	Nil
Relationship between Directors interse	Yes

**DIRECTORS' REPORT (Including Management Discussion and Analysis Report)**

The Directors are pleased to present their Ninety Fourth Annual Report together with the accounts of the Company for the financial year ended 31<sup>st</sup> March, 2015.

**FINANCIAL RESULTS**

	Financial Year ended 31 <sup>st</sup> March, 2015 Rs. in lacs	Financial Year ended 31 <sup>st</sup> March, 2014 Rs. in lacs
Sales Turnover (Net of Excise Duty)	11948.32	10130.60
Gross Profit / (Loss)	1784.73	1340.66
Less : Depreciation	243.85	347.39
Less : Non recurring items	142.60	(612.65)
Profit / (Loss) before Taxation	1398.28	1605.92
Less : Provision for Taxation	-	-
Profit (Loss) after Taxation	1398.28	1605.92
Add: Balance brought forward	(1295.81)	(2901.73)
Add : Depreciation in respect of Earlier Year as per the provision contain at 7 (b) of Schedule II to the Companies Act, 2013	(40.64)	-
Balance carried forward	61.83	(1295.81)

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

Commodity Chemicals	3987.98	3003.47
Specialty Chemicals	7446.07	6317.34
Others	514.27	809.79
Total	11948.32	10130.60

The Corporate Debt Restructuring undertaken by the Company a few years ago is reaching its logical conclusion and the accumulated losses of the Company have reduced over the last 3 years. However in view of the balance accumulated losses, your Directors have not recommended any Dividend on Cumulative Preference Shares and Equity Shares of the Company, for the financial year ended 31<sup>st</sup> March, 2015.

**MANAGEMENT DISCUSSION & ANALYSIS REPORT****(a) Overview of operations****Chemicals**

The turnover of Commodity Chemicals during the current Financial Year ended 31<sup>st</sup> March, 2015 was higher at Rs. 39.88 crores as compared to the turnover of Rs. 30.03 crores during the previous Financial Year. The turnover of Specialty Chemicals during the current Financial Year ended 31<sup>st</sup> March, 2015 was Rs.74.46 crores as compared to Rs. 63.17 crores in the previous year. The Export turnover of the Company during the current Financial Year ended 31<sup>st</sup> March, 2015 was Rs. 51.76 crores as compared to Rs. 46.66 crores for the previous Financial Year.

**Fertilisers**

The Company's fertilizer business viz. Single Superphosphate (SSP) could not be continued on its own due to various economic considerations, and hence there is no turnover of SSP fertilizers during the current financial year ended 31<sup>st</sup> March, 2015.

**(b) Prospects in the Industry :****Chemicals**

Your Company has planned to face competition as also the continuing scenario of short life-cycle of various Specialty and Commodity Chemicals, by improving the manufacturing efficiency of Commodity Chemicals and developing new Specialty and performance Chemicals. The Management of your Company is concentrating on continuing basis the in-house Research and Development and is also focusing on improvement in production process for its cost effectiveness and initiatives for development of new products. Increasing emphasis is being given on cost reduction, efficient operations and improvement in supply chain management as well as development of new commodity chemicals as well. The Management of your Company has also decided to lay emphasis on improving technical expertise in Sulphur and Ethanol chemistry. Efforts are being made to have long term alliance with key customers to develop tailor made processes/products to meet their specifications and expectations.

Your Company has already set up flexible manufacturing facilities termed as " Multi-purpose plant " which can be utilised for manufacture of various Specialty Chemicals which are the future growth areas. Your management is therefore contemplating further investment in this segment.

The Company has also set up a Solar Plant in Roha with an initial capacity of 500 KW which will gradually be increased over a period of time. The solar energy is expected to partially replace expensive grid power with cheaper green energy and reduce marginally the Company's energy cost.





## **Fertilisers**

The SSP Fertiliser Industry in general continues under the stresses and strains of the huge working capital requirement arising mainly out of the delays in receipt of the subsidy amounts from the Central Government and other related procedural issues. Your Company however continues on moderate scale the brand licensing arrangement of Company 's "SHIP- Brand" of SSP Fertiliser.

## **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 security 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.

## **ADEQUACY OF INTERNAL CONTROLS**

Your Company has well 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 an independent and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposal and the transactions are authorised, recorded and reported correctly. The internal control systems are supplemented by a programme of internal audit.

## **HUMAN RESOURCE DEVELOPMENT**

As a part of ongoing exercise of the restructuring and re-organisation of the Company's business, 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.

## **BOARD EVALUATION**

The board of directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 (the Act) and the corporate governance requirements as prescribed by Securities and Exchange Board of India ( " SEBI " ) under Clause 49 of the Listing Agreement.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was also evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent Directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent Directors, at which the performance of the Board, its committees and individual directors were also discussed.

## **NOMINATION AND REMUNERATION POLICY**

The Policy on Nomination and Remuneration of Directors, Key Managerial Personnel and other employees has evolved and has been formulated in terms of the provisions of the Companies Act, 2013 and the listing agreement with a view to pay equitable and commensurate remuneration to the Directors, Key Managerial Personnel and other Employees of the Company.

The Company had been passing through adverse financial condition which had an inevitable impact on the existing compensation and pay structure rather than the qualification, experience and the industry standards.

The Chief Executive Officer ( CEO ) of the Company is being paid in accordance with the provisions of the Companies Act, 2013 prescribing a ceiling on the maximum permissible remuneration in respect of Companies having inadequate profits.

Presently the maximum permissible remunerations limit is Rs. 42 lacs per annum as applicable to CEO of Your Company. This amount being the bench mark, the remunerations of the Other Senior Executives and the Management Staff are line with the same.

In view of the inadequacy of profits, the Directors of the Company are not being paid any remuneration/commission etc. except the normal sitting fees.

The Committee will therefore take in to consideration the various applicable factors such as qualification, experience, industry standards etc. and evolve an appropriate policy in course of time once the Company starts making adequate profits.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY**

During the financial year 2014-15, the Company has not provided any loan to any person or body corporate or given any guarantee or provided security in connection with such loan or made any investment in the securities of any body corporate pursuant to Section 186 of the Companies Act, 2013. The Company has given advance against salary to some employees in terms of the applicable policies of the Company .

## **SEXUAL HARASSMENT**

During the year under review, there was not a single incident pursuant to the Sexual Harassment of Women at Workplace ( Prevention, Prohibition and Redressal ), Act, 2013.



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### MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year five Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### AUDIT COMMITTEE

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

### DIRECTORS/KEY MANAGEMENT PERSONNEL

Ms. Mitika Laxmikumar Goculdas (holding DIN 02879174), Director, is retiring by rotation in accordance with the requirements of the Act and under the Article 135 of the Articles of Association of the Company, and being eligible, offer herself for re-appointment.

The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. Independent directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions 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. T. Gokhale, Executive Vice President and Company Secretary and Shri D. K. Sundaram, Chief Finance Officer.

### WHISTLE BLOWER POLICY

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower policy has been posted on the website of the Company ( [www.dmcc.com](http://www.dmcc.com) ).

### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The Audit Committee and the Board of Directors at their meetings have reviewed and approved all the related party transactions undertaken by the Company during the Financial Year.

The related party transactions entered into by the Company are disclosed in Note no. XIII 7(E) of the Notes to Accounts.

Thus all Related Party Transactions are placed/routed through the Audit Committee and the Board of Directors.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company .

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website.

### RISK MANAGEMENT POLICY

The Company has formulated a Risk Management Policy which reflects the over all risk management philosophy, the Company's over all approach to risk management, risk assessment, risk mitigation mechanism and the roll and responsibilities for risk management. Risk management forms an integral part of the business planning and review cycle.

The Company's Risk Management Policy is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by ensuring compliance with legal requirements and by safe guarding the integrity of the Company's financial reporting and its related disclosures.

The identification and analysis of and putting in place the process for mitigation of these risks is an ongoing process. The Company has also laid down procedure to inform the Audit Committee and the Board about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks by means of a properly defined frame work.

The monthly review meetings of all the functional/departmental heads *interalia* discuss the relative risk management issues.

### ENVIRONMENT HEALTH AND SAFETY (EHS)

In the Company, it has been our prime endeavor to achieve the environment health and safety. We thrive to achieve the objective by ensuring accident free work place. We have various EHS management processes and methodologies being deployed and implemented under the EHS system to ensure that our employees become more safety conscious and strive to improve the organisation's approach towards loss prevention.

The Company has a system of in house EHS training for employees and workmen at the factory as also the practice of sending the employees/workmen to various external EHS programme.

All these EHS endeavours help the Company in its efforts in preventing loss of life and property damage.

### AUDITORS

Messrs. K.S.Aiyar & Co., Chartered Accountants, holding ICAI Firm Registration Number 100186W, who are the Statutory Auditors of your Company , hold office until the conclusion of the 96<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017( subject to ratification of their appointment at every AGM). It is proposed to ratify the appointment of Messrs. K.S.Aiyar & Co., Chartered Accountants, holding ICAI Firm Registration Number 100186W as Statutory Auditors of the Company from the conclusion of this AGM till the conclusion of the 95<sup>th</sup> AGM . Messrs. K.S. Aiyar & Co., Chartered Accountants, holding ICAI Firm Registration Number 100186W has, under Section 141 of the Act, furnished a certificate



of its eligibility for re-appointment. The Members year on year will be requested, to ratify their appointment as Statutory Auditors and to authorize the Board of Directors to fix their remuneration. In this connection, the attention of the Members is invited to item No.3 of the Notice.

#### AUDITORS' OBSERVATIONS

In respect of the Auditors' observation ( in quotes):

*"The Company had recognized net deferred tax asset in earlier years aggregating to Rs.2654.15 lacs till 31<sup>st</sup> March, 2009, considering unabsorbed loss upto 31<sup>st</sup> March, 2008 and unabsorbed depreciation up to 31<sup>st</sup> March, 2009. For the subsequent financial periods, further net deferred tax asset has not been recognized in view of management's perceptions and reason detailed in Note No.V(c). We are not in a position to opine on the realisability of the said net deferred Tax Asset. Consequently, the Accumulated losses as at the end of the year would have been higher by Rs.2654.15 Lacs".*

The managements perception and reasons are detailed in Note no.V(c), and the same is reproduced here below:

#### Deferred Tax Assets (Net)

The break-up of the Deferred Tax Liability / (Deferred Tax asset) as on 31.03.2015 and 31.03.2014, recognized by the Company in the books of account, is as follows :

Particulars	As at 31-03-2015 Rs. In Lacs	As at 31-03-2014 Rs. In Lacs
Deferred Tax Liabilities :		
Difference between book and tax depreciation	1611.05	1611.05
Others	221.90	221.90
Total	1832.95	1832.95
Deferred Tax Assets :		
Unabsorbed depreciation / Business loss	3610.68	3610.68
Others	876.42	876.42
Total	4487.10	4487.10
Net Deferred Tax Liabilities / (Deferred Tax Assets) :	(2654.15)	(2654.15)

The Company's export business over the last three years has been steadily growing at an impressive rate. This has been possible due to appropriate marketing efforts coupled with quality consciousness on the part of the Company. The focused R & D activity to identify and develop relevant products meeting high quality standards has always remained vital to the Company's business and efforts are undertaken to spread this message across the customer base both abroad as well as domestic. The Company is confident of improving the current growth rate substantially in overseas business in addition to consolidating the domestic market both in Specialty and Bulk chemicals. In the near term, the Company expects to achieve this objective by making use of the available unutilized capacity as well as building up additional capacity. The marketing team is also being strengthened. Consequently, there is virtual certainty of realization of "Deferred Tax asset" mainly resulting from unabsorbed depreciation and carried forward losses. Accordingly, the recognized "Deferred Tax Asset" of Rs.2654.15 Lacs as at 31.03.2009, without any addition, is being carried forward.

#### COST AUDITOR AND COST AUDIT REPORT

The Board of Directors, on the recommendation of Audit Committee has appointed Shri S.S. Dongare, Cost Accountant, as Cost Auditor of your Company to audit the cost accounts of the Company for Financial Year 2015-16 at remuneration of Rs. 66,000/- ( Rupees Sixty Six Thousand Only) as also the payment of service tax as applicable and re-imbursement of actual out-of-pocket expenses incurred in connection with the aforesaid audit. As required under the Companies act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting. In accordance with the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies ( Cost Records and Audit) Rules, 2014 as amended from time to time, your Company carries out an audit of cost records ( Sulphuric Acid) maintained by the Company every year.

The cost Audit Report and the Compliance Report of your Company for the Financial Year ended 31<sup>st</sup> March, 2014, by Shri S.S. Dongare, Cost Accountant, which was due for filing with the Ministry of Corporate Affairs by 30<sup>th</sup> September, 2014, was duly filed on 29<sup>th</sup> September, 2014.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)( m) of the Companies Act, 2013 read with Rule, 8 of the Companies ( Accounts) Rules, 2014, is annexed herewith as " **Annexure I**".

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE :

A Corporate Social Responsibility Committee of the Directors was constituted, consisting of Shri L. N. Goculdas as Chairman, Shri H. T. Kapadia, Shri M. T. Ankleshwaria and Shri A. W. Ketkar as members of the Committee.

The Committee met once during the year to finalise the Corporate Social Responsibility Policy and Accordingly CSR Policy has been framed and the same is annexed as '**Annexure-II**' and forms a part of this Report to the Directors.