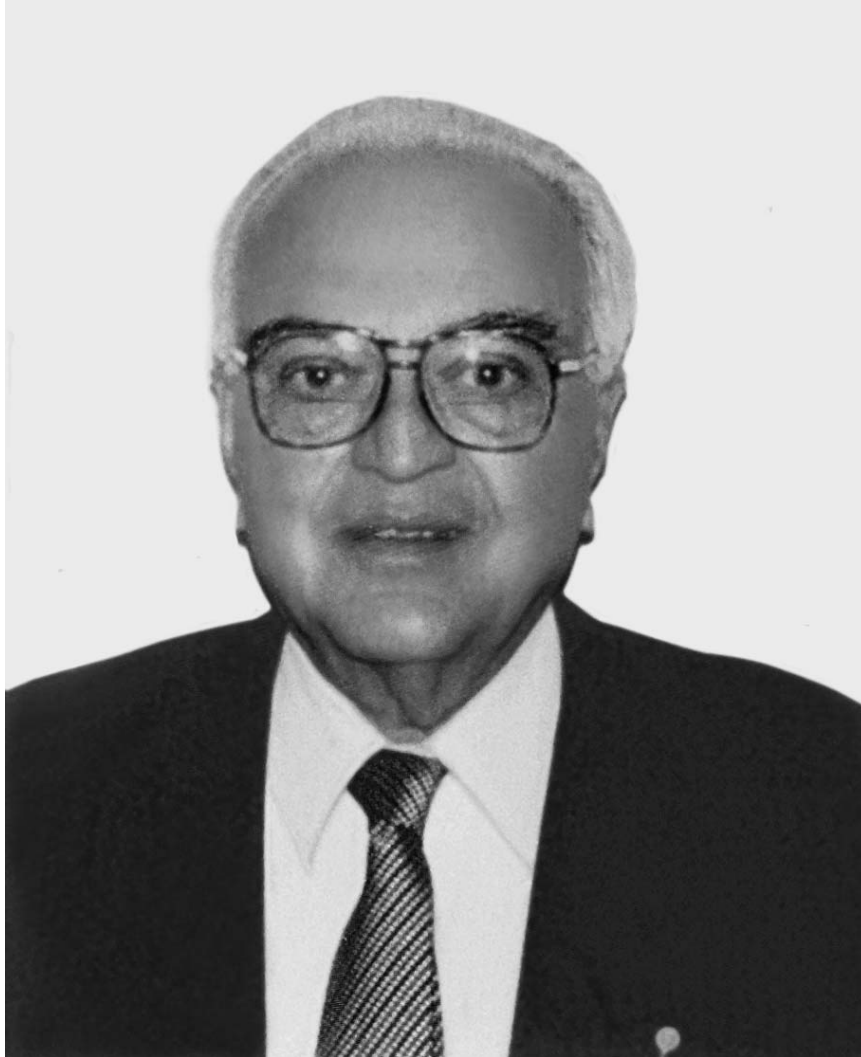




**THE DHARAMSI MORARJI
CHEMICAL COMPANY LTD.**

89th
Annual Report
2009 - 2010



OUR BELOVED LATE CHAIRMAN
SHRI R. M. GOCULDAS
(9th April, 1917 - 9th November, 2009)





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Directors

Late Shri R. M. Goculdas	Chairman (upto 9.11.2009)
Laxmikumar Narottam Goculdas	Chairman (from 10.11.2009) Vice Chairman (upto 9.11.2009)
H. T. Kapadia	(upto 9.09.2009)
C. B. Nalawala	(upto 9.09.2009)
Kumar Bakhru	Nominee of General Insurance Corporation of India (upto 22.01.2010)
M. T. Ankleshwaria	(from 31.07.2009)
Arvind W. Ketkar	(from 22.01.2010)
Shantilal T. Shah	(from 27.07.2010)

Key Management Personnel

Dilip Pratapsingh Goculdas	Chief Executive Officer
Bimal Lalitsingh Goculdas	Chief Executive Officer
Dilipkumar Nilkanth Vaze	Chief Finance Officer

Company Secretary

D.T.Gokhale

Auditors

K.S.Aiyar & Co.
Chartered Accountants

Legal Advisers

Bhaishanker Kanga & Girdharlal

Bankers

State Bank of India
Dena Bank
SBI Commercial and International Bank Ltd.
The Federal Bank Ltd.
Industrial Development Bank of India

Registered Office

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

Factories

Ambarnath (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

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

NOTICE TO MEMBERS

The Eighty Ninth Annual General Meeting of the Members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Wednesday, the 8th day of December, 2010 at 12.00 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Statements of Account for the extended financial year ended 30th June, 2010.
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 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 89th Annual General Meeting until the conclusion of the 90th 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."
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri Arvind W. Ketkar. who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company by the Board of Directors w.e.f. 22nd January, 2010 and who holds office upto the date of this Annual General Meeting 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."
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Shri Shantilal T. Shah who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company by the Board of Directors w.e.f. 27th July, 2010 and who holds office upto the date of this Annual General Meeting 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."

NOTES :

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business as set out above are 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 Wednesday, the 1st December, 2010 to Wednesday, 8th December, 2010 (both days inclusive).
5. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed equity dividend for the financial year(s) upto 2000-01 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 upto 2000-01, may claim the same from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in the prescribed form.
6. 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.
7. Members are requested to notify changes of address, if any, to the Company.
8. 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.
9. 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. 4 and 5 mentioned in the Notice dated 3rd November, 2010.

Item No. 4

The Board of Directors of the Company at its meeting held on 22nd January, 2010, has appointed Shri Arvind W. Ketkar as an Additional Director on the Board of Directors of the Company. Shri Arvind W. Ketkar has indepth knowledge in Finance and Accounting and has been in practice as a Chartered Accountant for over thirty nine years.



As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company. Shri Arvind W. Ketkar will hold office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Arvind W. Ketkar for office of Director, under the provision of Section 257 of the Companies Act, 1956.

The Directors recommend the Resolution for adoption by the Members.

None of the Directors of the Company, except Shri Arvind W. Ketkar, is in any way concerned or interested in the said appointment.

Item No. 5

The Board of Directors of the Company at its meeting held on 27th July, 2010, has appointed Shri Shantilal T. Shah as an Additional Director on the Board of Directors of the Company. Shri Shantilal T. Shah has vast experience in marketing, finance and administration in Chemical Industry.

As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company. Shri Shantilal T. Shah will hold office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Shantilal T. Shah for office of Director, under the provision of Section 257 of the Companies Act, 1956.

The Directors recommend the Resolution for adoption by the Members.

None of the Directors of the Company, except Shri Shantilal T. Shah, is in any way concerned or interested in the said 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 3rd November, 2010.

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. Arvind W. Ketkar	Shri Shantilal T. Shah
Date of Birth	17-02-1935	14-05-1940	28-12-1938
Date of Appointment	06-10-1978	22-01-2010	27-07-2010
Qualifications/ Expertise in specific Functional Areas	B.Sc., Diploma in Chemical Engineering. Wide business experience in Fertiliser and Chemical Industries.	B.Com (Hons), A.C.A. - Practising Chartered Accountant for over thirty nine years.	B.Com Experience in marketing, finance and administration in Chemical Industry.
List of Public Companies in which outside Directorship held as on 30th June, 2010	None	None	Aarti Industries Limited Aarti Corporate Services Limited Aarti Ventures Limited
Chairman/Member of the Board Committee of the other Public Companies on which he is a Director as on 30th June, 2010	None	None	None
Shareholding	11448	Nil	Nil

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

DIRECTORS' REPORT (Including Management Discussion and Analysis Report)

The Directors are pleased to present their Eighty Ninth Annual Report together with the accounts of the Company for the extended financial year ended 30th June, 2010 (fifteen months).

FINANCIAL RESULTS

	Financial Year ended 30 th June, 2010 (15 Months) Rs. in lacs	Financial Year ended 31 st March, 2009 (18 Months) Rs. in lacs
Gross Turnover	6584.40	17677.35
Gross Profit / (Loss)	(2387.21)	(2054.27)
Less : Depreciation & Lenders' sacrifice Amortisation	798.84	1158.99
Profit/(Loss) before Taxation	(3186.05)	(3213.26)
Add: Deferred Tax Asset	0.00	505.98
Profit/(Loss) after considering Deferred Tax Asset	(3186.05)	(2707.28)
Less: Provision for Taxation/Fringe Benefit Tax	0.02	18.04
Profit/(Loss) after Taxation	(3186.07)	(2725.32)
Add: Balance brought forward	(5691.82)	(2966.50)
Balance carried forward	(8877.89)	(5691.82)
The following is the gross turnover by group of products:		
Single Superphosphate	41.15	1690.68
Commodity Chemicals	3443.30	10243.66
Speciality Chemicals	2745.13	4135.62
Others	354.82	1607.39
Total	6584.40	17677.35

The Company has extended the current financial year by three months upto 30th June, 2010 in accordance with the provisions of Sec.210 (4) of the Companies Act, 1956. Accordingly, financial statements for the current financial year have been prepared for a period of fifteen months commencing from 1st April, 2009 and ending on 30th June, 2010.

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 extended financial year ended 30th June, 2010.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(a) Overview of operations

- (i) 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 30th June, 2010 was very small.
- (ii) The turnover of Commodity Chemicals during the current financial year ended 30th June, 2010 was also lower at Rs. 34 crores as compared to the turnover of Rs. 102 crores, during the previous financial year ended 31st March, 2009 mainly due to substantial reduction in selling prices. The turnover of Speciality Chemicals during the current financial year was also lower at Rs. 27 crores, as compared to the turnover of Rs. 41 crores during the previous financial year ended 31st March, 2009, due to reduction in selling prices as well as lower volumes. The selling prices of both Commodity Chemicals and Speciality Chemicals were lower during the current financial year, mainly due to substantial reduction in the purchase prices of the main raw material viz. sulphur.

(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 Ambernath Factory.

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 the 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

During the period under report, we lost the beloved Chairman of our Company, Shri Ranchhoddas Mathradas Goculdas on 9th November, 2009. He had a very long association with the Company as a Director from 6th May, 1961 and the Chairman of the Company from 8th May, 1978. He was a versatile personality with a vision. He was the guiding force and an architect of various corporate decisions and policies of the Company. The Board of Directors place on record its deep sense of appreciation for the invaluable contribution made by late Shri Ranchhoddas Mathradas Goculdas over several decades, during his long tenure with the Company. Consequent upon the sad demise of late Shri Ranchhoddas Mathradas Goculdas on 9th November, 2009, Shri Laxmikumar Narottam Goculdas (the then Vice Chairman of the Company) was elected as the Chairman of the Company as well as the Chairman of the Board of Directors of the Company, from 10th November, 2009.

During the period under review, Shri C.B. Nalawala ceased to be a Director of the Company from 10th September, 2009. Shri Kumar Bakhru a nominee Director of General Insurance Corporation of India, also ceased to be a Director of the Company from 23rd January, 2010. The Board of Directors place on record their appreciation for the valuable guidance and advise given by both of them to the Company during their long association with the Company as also the contributions made by both of them during the deliberations at the Board Meetings of the Company.

Shri H.T.Kapadia, a Director, is retiring by rotation under Article 135 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.

The Board of Directors of the Company at its meeting held on 22nd January, 2010, has appointed Shri Arvind W. Ketkar as an Additional Director on the Board of Directors of the Company. Shri Arvind W. Ketkar has in-depth knowledge in Finance and Accounting and has been in practice as a Chartered Accountant for over thirty nine years. As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Shri Arvind W. Ketkar will hold office of Director upto the date of ensuing Annual General Meeting. Appointment of Shri Arvind W. Ketkar as a Director liable to retire by rotation is proposed at Sr. No. 4 of the Notice of the ensuing Annual General Meeting. Your Directors recommend the appointment of Shri Arvind W. Ketkar, as Director of your Company.

The Board of Directors of the Company at its meeting held on 27th July, 2010, has appointed Shri Shantilal T. Shah as an Additional Director on the Board of Directors of the Company. Shri Shantilal T. Shah is in Chemical business for last 45 years and has got vast experience in marketing, finance and administration of the Chemical Industry. As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Shri Shantilal T. Shah will hold office of Director upto the date of ensuing Annual General Meeting. Appointment of Shri Shantilal T. Shah as a Director liable to retire by rotation is proposed at Sr. No. 5 of the Notice of the ensuing Annual General Meeting. Your Directors recommend the appointment of Shri Shantilal T. Shah, as Director of your Company.

AUDITORS' OBSERVATION

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 turnover and profits.

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 extended financial year ended 30th June, 2010, 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 extended financial year ended 30th June, 2010, 172 deposits aggregating to Rs. 21,91,000/- remained unclaimed as on 30th June, 2010, of which 1 deposit amounting to Rs. 10,000/- has 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.

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

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 you and your Company's customers, suppliers, contractors, various departments of Central and State Governments, Financial Institutions 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 sacrifices shown by them during the difficult and critical period which the company is passing through.

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

For and on behalf of the Board

L. N. GOCULDAS
Chairman

Registered Office :

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

Date : 3rd November, 2010.



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, 2009 to June, 2010 (15 months)	October, 2007 to March, 2009 (18 months)
1.	Electricity Purchased		
	Unit (Lac KWH)	57.24	125.10
	Total Amount (Rs. lacs)	311.09	588.38
	Rate/Unit (Rs./KWH)	5.43	4.70
2.	Furnace Oil		
	Quantity (K.Litre)	73.70	625.24
	Total amount (Rs Lacs)	16.39	153.29
	Average Rate (Rs/KL)	22244	24520
CONSUMPTION PER TONNE OF MAJOR PRODUCTS			
Electricity (Unit-KWH)			
1.	Single Superphosphate	31	25
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 include :

- 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 & methylation Chemistry to develop new products.

4. Expenditure on R&D :

Rs. in lacs

		April, 2009 to June, 2010 (15 months)	October, 2007 to March, 2009 (18 months)
(i)	Capital	0.00	0.00
(ii)	Recurring	15.50	51.53
(iii)	Total	15.50	51.53
(iv)	Total R&D expenditure as a percentage of gross turnover	0.24%	0.29%

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 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

	April, 2009 to June, 2010 (15 months)	October, 2007 to March, 2009 (18 months)
EARNINGS IN FOREIGN EXCHANGE :		
Export of goods calculated on FOB basis	1247.85	2163.51
Turnkey project sales	15.01	1147.77
Total Foreign Exchange earned	1262.86	3311.28
OUTGO IN FOREIGN EXCHANGE:		
(1) VALUE OF IMPORTS CALCULATED ON CIF BASIS : Raw Materials and boughtouts	Nil	3004.82
(2) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC.	33.02	103.11
Total Foreign Exchange outgo	33.02	3107.93

For and on behalf of the Board

L. N. GOCULDAS
Chairman

Registered Office:

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

Date: 3rd November, 2010.



REPORT ON CORPORATE GOVERNANCE FOR THE EXTENDED FINANCIAL YEAR ENDED 30TH JUNE, 2010.

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 L. N. Goculdas. As on 30th June, 2010 the Board comprised of 4 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 4 Non - Executive Directors, 3 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 alongwith the dates of the Meetings.

Eight Board Meetings were held during the extended financial year ended 30th June, 2010. The dates on which the said meetings were held are as follows :

29th May, 2009; 30th Jun, 2009; 31st July, 2009; 9th September, 2009; 30th October, 2009; 10th November, 2009; 22nd January, 2010 and 5th May, 2010.

Attendance of each Director at the Board Meetings held during the extended financial year ended 30th June, 2010 & last Annual General Meeting and No. of other Directorships / Memberships of the Committee :

Sr. No.	Name of Directors	Category of Directorship (Designation as on 30.06.2010)	No. of Board Meetings attended (out of 8 Meetings held)	Attendance at last AGM	No. of other directorships as on 30.06.2010 @	No. of Board Committees of other companies in which Chairman, as on 30.06.2010	No. of Board Committees of other companies in which Member, as on 30.06.10
1	Late Shri R. M. Goculdas @ @	Chairman (upto 9.11.2009)	5	No	N.A	N.A	N.A
2	Shri. L.N. Goculdas	Vice Chairman (upto 9.11.2009) and Chairman (from 10.11.2009)	8	Yes	1	1	1
3	Shri H. T. Kapadia	Non-Executive, Independent	8	Yes	Nil	Nil	Nil
4	Shri C. B. Nalawala @ @ @	Non-Executive, Independent	3	No	Nil	Nil	Nil
5	Shri Kumar Bakhru @ @ @ @	Non-Executive, Independent	Nil	No	Nil	Nil	Nil
6	Shri M T Ankleshwaria	Non-Executive, Independent	5	Yes	Nil	Nil	Nil
7	Shri A.W. Ketkar	Non-Executive, Independent	2	N.A.	Nil	Nil	Nil

@ Excludes Foreign Companies, Private Companies and Alternate Directorships.

@ @ Since passed away on 9th November, 2009.

@ @ @ Shri C.B.Nalawala was a Director till 9th September, 2009.

@ @ @ @ Shri Kumar Bakhru was a Director till 22nd January, 2010.

Details of Directors being appointed and re-appointed at the ensuing Annual General Meeting to be held on 8th December, 2010.

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.

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

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

A brief resume of the Director 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.

3. Audit Committee

Composition, Terms and Reference

The Audit Committee comprises of three Non-Executive Directors of which two are Independent Directors viz. Shri H.T. Kapadia as the Chairman (Independent Director) and Shri M.T. Ankleshwaria (Independent Director) as member. Shri Laxmikumar Narottam Goculdas, Chairman, Non-Executive Promoter Director is also a member of the Audit Committee. Shri D.T. Gokhale, Company Secretary acts as the Secretary to the Committee.

The role, terms of reference, authority and power of Audit Committee are in conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49(1) of the Listing Agreement with the Stock Exchange.

Meetings and the attendance during the extended financial year ended 30th June, 2010.

Five meetings of the Audit Committee were held during the extended financial year ended 30th June, 2010 as given below. The attendance of each Committee member at the Audit Committee Meetings are given below:

Dates on which Audit Committee Meetings were held	Shri C. B. Nalawala@	Shri H. T. Kapadia @@	Shri Laxmikumar Narottam Goculdas	Shri M. T. Ankleshwaria @@@
30.06.2009	Yes	Yes	Yes	-
31.07.2009	Yes	Yes	Yes	-
30.10.2009	-	Yes	Yes	Yes
22.01.2010	-	Yes	Yes	Yes
05.05.2010	-	Yes	Yes	Yes

@ Shri C.B.Nalawala ceased to be a member of the Audit Committee from 10th September, 2009.

@@ Shri H. T. Kapadia was elected as Chairman of the Audit Committee w.e.f 31.07.2009.

@@@Shri M. T. Ankleshwaria was appointed as a Member of the Audit Committee on 31.07.2009

The Company has extended its Financial Year for a period of three months i.e. upto 30th June, 2010.

All the meetings were attended by the Chief Finance Officer, Company Secretary, Internal Auditor and Statutory Auditors.

All the members of the Audit Committee are financially literate and also possess the requisite accounting & related financial management expertise.

4. Remuneration to Directors

Details of remuneration paid to non executive directors during the extended financial year ended 30th June, 2010 are as below :

(Amount in Rs.)

Sr. No.	Name of Directors	Relation-ship with other Directors	Sitting fees for Board & Committee Meetings	Total Remuneration	No. of equity shares held as on 30.06.10
1	Late Shri R. M. Goculdas, Chairman (upto 9.11.2009)	None	25000	25000	3572969
2	Shri Laxmikumar N. Goculdas Vice Chairman upto 9.11.2009 and Chairman from 10.11.2009	None	60000	60000	4469081
3	Shri H. T. Kapadia	None	60000	60000	11448
4	Shri C. B. Nalawala	None	25000	25000	NIL
5	Shri Kumar Bakhru	None	0	0	NIL
6	Shri. M. T. Ankleshwaria	None	35000	35000	NIL
7	Shri Arvind W. Ketkar	None	10000	10000	NIL
TOTAL			215000	215000	

Details of remuneration paid/payable to Chief Executive Officers and "Managers" during the extended financial year ended 30th June, 2010 are as below : (excludes Contributions to Gratuity Fund & Leave Encashment on retirement, since same is provided on actuarial basis for the Company as a whole)



(Amount in Rs.)

Sr. No.	Name & Designation	Salary	Contributions to PF & Superannuation Fund	Perquisites	Total
1	Shri Dilip Pratapsingh Goculdas Chief Executive Officer	825000	107250	394309	1326559
2	Shri Bimal Lalitsingh Goculdas Chief Executive Officer	825000	107250	426912	1359162
	T O T A L	1650000	214500	821221	2685721

Details of Terms of Contracts of Chief Executive Officers and “Managers”

The term of contract of Shri Dilip Pratapsingh Goculdas, Chief Executive Officer and Shri Bimal Lalitsingh Goculdas, Chief Executive Officer, are from 01-04-2009 to 31-03-2012. The notice period for termination is six months in all cases. No severance fees or stock option are available to them.

Remuneration Policy

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Chief Executive Officers are paid remuneration as per the Agreements entered into between them and the Company. The remuneration structure of the Chief Executive Officers comprises of salary, commission, perquisites, contributions to Provident Fund & Superannuation and Gratuity.

5. Shareholder/Investor Grievance Committee

Details of the Directors and Compliance Officer

The Shareholder/Investor Grievance Committee comprises of Shri L. N. Goculdas, (Non-Executive Chairman) as Chairman of the Committee with Shri. H. T. Kapadia, Director as other member. The Committee is vested with the requisite powers and authorities. In addition to the Share Transfer related matters, the committee specifically looks into the redressing of shareholders' and investors' complaints like delayed transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc. Shri D.T.Gokhale, Company Secretary has been appointed as the Compliance Officer.

Number of complaints received and pending and transfers pending as on close of the financial year.

During the extended financial year 2009-2010, no complaints were received from the shareholders. No transfers were pending at the close of the financial year. No complaint was received from SEBI during the year.

6. General Meetings and Postal Ballots

The details of last three Annual General Meetings of the Company and the Special Resolutions passed there at are as follows :

During the years 2009-2010, 2007-2009 and 2006- 2007, no Resolutions were put through Postal Ballot.

- a) 88th Annual General Meeting was held on 9.09.2009 at 11.30 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - No Special Resolution was passed at the meeting.
- b) 87th Annual General Meeting was held on 12.03.2008 at 11.30 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - Two Special Resolutions were passed for :
 - (i) To offer, issue and allot Equity Shares worth Rs. 80,00,000/- (Rupees Eighty Lacs Only) inclusive of premium, having nominal value of Rs. 10/- each, at such a premium amount as calculated according to the applicable SEBI Guidelines, within the authorised share capital of the Company, as fully paid Equity Shares to ICICI Bank Ltd., by conversion of loan, in terms of One Time Settlement (O.T.S.) with that Bank.
 - (ii) To offer, issue and allot 2.5% Cumulative Non Convertible Redeemable Preference Shares (CPS) Series A, at par, amounting to Rs. 2,80,00,000/- (Rupees Two Crores and Eighty Lacs Only) (Preference Shares redeemable in 16 equal quarterly installments, commencing from 1st April, 2012) within the authorised share capital of the Company, as fully paid preference shares to ICICI Bank Ltd., by conversion of loan, in terms of One Time Settlement (O.T.S.) with that Bank.
- c) 86th Annual General Meeting was held on 14.09.2006 at 11.30 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - Special Resolution was passed for change of place of keeping Registers & Returns u/s 163 of the Companies Act, 1956.

7. Disclosures

- a) Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors & the members of the Senior Management. The said Code has been communicated to the Directors and the Members of the senior Management. The Code has also been posted on the Company's website www.dmcc.com.

- b) At every Board Meeting the Register of Contracts maintained Under Section 301 of the Companies Act, 1956 is tabled and signed by the directors.
- c) Transactions with the related parties are disclosed in Note No. 21 of the Notes to the Accounts in the Annual Report. None of the related parties transactions are in conflict with the interests of the Company at large.

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- d) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Consequently, no penalties were imposed nor any strictures were passed on the Company by the Stock Exchange, Mumbai (on which the Company's equity shares are listed), SEBI or any other statutory authority.
- e) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

8. CEO/CFO Certification

The Chief Executive Officers and The Chief Finance Officer have furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements for the extended financial year ended 30th June, 2010 and adequacy of internal controls as required under Clause 49 of the Listing Agreement.

9. Means of Communications

- a) Quarterly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai and published in "Free Press Journal" and "Navshakti" newspapers.
- b) Company has its own web site and all the vital information relating to the Company, its products and its financial results are displayed at the web site. Address of the web site is www.dmcc.com.
- c) Management Discussion & Analysis Report forms part of Directors' Report
No presentations were made to the institutional investors or analysts during the year.

10. General Shareholder Information

89th Annual General Meeting

Date : Wednesday, 08th December, 2010

Time : 12:00 a.m.

Venue : Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020.

Financial Calendar for the year 2010-2011 (Provisional) :

- | | |
|--|------------------------|
| a. Results for the first quarter ending 30th September, 2010 | By 15th November, 2010 |
| b. Results for the second quarter ending 31st December, 2010 | By 15th February, 2011 |
| c. Results for the year ending 31st March, 2011 (Audited) | By end of May, 2011 |
| c. Annual General Meeting for the year ending March, 2011 | In September, 2011 |

Date of Book Closure : 1st December, 2010 to 8th December, 2010 (both days inclusive).

Stock Exchange : The Equity Shares of Company are listed on the Stock Exchange, Mumbai, and the listing fee for the period 2010-2011 has been paid to the Stock Exchange.

Stock Code : 506405, The Stock Exchange, Mumbai (BSE):

Demat ISIN : INE505A01010

Equity Dividend Payment Date : Not Applicable

Stock Price Data & Performance in comparison to BSE Indices

The monthly high and low of market prices of the Company's Equity Shares traded during the last extended financial year on the Stock Exchange, Mumbai and the BSE monthly high and low Indices were as follows :

Month	*Shares Price		BSE Indices	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2009	8.43	4.10	11492.10	9546.29
May, 2009	7.80	5.40	14930.54	11621.30
June, 2009	9.79	6.20	15600.30	14016.95
July, 2009	7.22	5.15	15732.81	13219.99
August, 2009	6.20	5.30	16002.46	14684.45
September, 2009	7.50	5.63	17142.52	15356.72
October, 2009	7.49	5.45	17493.17	15805.20
November, 2009	9.50	5.21	17290.48	15330.56
December, 2009	9.13	7.61	17530.94	16577.78
January, 2010	14.08	8.38	17790.33	15982.08
February, 2010	11.92	9.01	16669.25	15651.99
March, 2010	14.50	9.20	17793.01	16438.45
April, 2010	18.19	12.45	18047.86	17276.80
May, 2010	14.96	12.12	17536.86	15960.15
June, 2010	15.65	13.00	17919.62	16318.39

* Nominal Value of each Equity Share is Rs. 10/-.

Registrar & Transfer Agents

Link Intime India Pvt Ltd.

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup - (W), Mumbai- 400 078.

Tel : 9522 - 2596 3838, Fax : 2594 6969

Email: rnt.helpdesk@linkintime.co.in



Share Transfer System

Share Transfers are registered and duly transferred share certificates are despatched within 30 days of receipt, if the transfer documents are otherwise in order. The total number of shares transferred in the Non-dematerialised segment during the extended financial year ended 30th June, 2010 was 49240.

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 are under compulsory demat trading by all investors, with effect from 28th August, 2000.

Shareholding Pattern and Distribution of Shares :

Shareholding Pattern as on 30th June, 2010:

Category	No.of shares held	% of Shareholding
Promoters	11011824	51.80
Mutual Funds and UTI	4304	0.02
Banks, Financial Institutions, Insurance Cos.	1933332	9.09
Private Corporate Bodies and Trusts	1041207	4.90
Indian Public	6927790	32.59
NRIs/OCBs	205530	0.97
Clearing Members (in the depository)	133834	0.63
TOTAL	21257821	100.00

Note: The total Foreign Shareholding as on 30th June, 2010 was 46,74,611 shares, which in percentage terms was 21.99 % of the issued and subscribed capital, out of which 44,69,081 shares aggregating 21.02 % of the capital represent Promoters' Holding and hence are included in Promoters' category.

The Indian public shareholding includes Non-Executive director shareholding as under:

Shri. H.T. Kapadia 11,448

Distribution of Shareholding as on 30th June, 2010

No. of shares held	No.of Folios	% age	Shares	% age
Upto 500	13129	86.4489	1431015	6.7317
501 to 1000	981	6.4595	812215	3.8208
1001 to 2000	491	3.2330	768673	3.6160
2001 to 3000	180	1.1852	463138	2.1787
3001 to 4000	86	0.5663	311604	1.4658
4001 to 5000	89	0.5860	421215	1.9815
5001 to 10000	101	0.6650	754011	3.5470
10001 to 30000	79	0.5202	1418325	6.6720
30001 to 50000	17	0.1119	671533	3.1590
50001 to 100000	13	0.0857	963951	4.5345
100001 and above	21	0.1383	13242141	62.2930
TOTAL	15187	100.0000	21257821	100.0000

Dematerialisation of Shares and liquidity

As on 30th June, 2010, out of 2,12,57,821 Equity Shares of the Company 1,93,34,728 Equity Shares representing 90.95 % Equity shares, have been dematerialised by 6670 shareholders. The total number of shareholders of the Company is 15,187.

The Company has not issued any GDRs, ADRs, Warrants or any Convertible Instruments, the conversion of which will have an impact on equity shares of the Company.

The address for correspondence :

The Company Secretary
The Dharamsi Morarji Chemical Co. Ltd.
Prospect Chambers, 317/21, Dr.D.N.Road,
Fort, Mumbai 400 001.
Tel : 022 2204 8881/2/3
Fax : 022 2281 3657
E-mail : dgokhale@dmcc.com

Plant Locations :

- (1) Ambernath : M.G. Road, Ambernath 421 501, Dist. Thane, Maharashtra.
- (2) Roha : 105, MIDC Industrial Area, Audyogik Vasahat Post Office, Dhatav, Roha 402 116, Dist. Raigad, Maharashtra.
- (3) Jhar : Jhar Village, Taluka - Dhari, Dist. Amreli 365630, Gujarat.
- (4) Khemli : Khemli Village, Tehsil - Mavli, Dist. Udaipur, Rajasthan.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,
The Dharamsi Morarji Chemical Co. Ltd.,
Mumbai.

We have examined the compliance of conditions of Corporate Governance by **The Dharamsi Morarji Chemical Co. Ltd.**, for the fifteen months period ended on June 30, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **K.S.AIYAR & CO.**
Chartered Accountants
FRN: 100186W

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai : 3rd November, 2010



AUDITORS' REPORT

The Members of

The Dharamsi Morarji Chemical Company Limited

Report on the Accounts for the fifteen months period ended June 30, 2010, in compliance with section 227(2) of the Companies Act, 1956.

- 1) We have audited the attached Balance Sheet of The Dharamsi Morarji Chemical Company Limited, as at June 30, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the fifteen months period ("the period") ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central government of India in terms of sub-section (4-A) of section 227 of the Companies act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors as on June 30, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on June 30, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) Attention is invited to Note No.23, regarding preparation of accounts on a 'Going Concern' basis despite continued losses and erosion of total net worth of the Company, in view of the management's perceptions and reasons detailed therein.
 - (vii) *The Company had recognized net deferred tax asset in earlier years aggregating to Rs.2654.15 lacs till 31st March, 2009 considering unabsorbed loss up to 31st March, 2008 and unabsorbed depreciation up to 31st March, 2009. For the subsequent financial period, further net deferred tax asset has not been recognized in view of management's perceptions and reason detailed in Note No.16(b). We are not in a position to opine on the net deferred tax asset recognized till date as regards its ultimate realization since the virtual certainty of the available sufficient future taxable income, as required by Accounting Standard 22 i.e. 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, could not be substantiated.*
 - (viii) *Had the impact of matter stated at (vii) been considered, accumulated losses as at the year end would have been Rs.11532.04 Lacs.*
- (ix) *Subject to Clause No.vii above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2010;
 - (b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
 - (c) in the case of the Cash Flow statement, of the cash flow for the period ended on that date.

For **K. S. Aiyar & Co.**
Chartered Accountants
FRN: 100186W

Raghuvir M. Aiyar
Partner
Membership No. 38128

Mumbai, 31st August, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the Accounts for the fifteen months period ended June 30, 2010, of The Dharamsi Morarji Chemical Company Limited)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. *However, in the case of some assets individual records with quantitative details and values are to be segregated, updated and reconciled.*
- (b) A substantial portion of the fixed assets have been physically verified by the management during the period and in our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the period were not substantial. According to the information and explanations given to us, we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the Company.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
- (b) The Company has taken interest free loan amounting to Rs. 1530.43 Lacs from a director/s of the Company and inter-corporate deposits of Rs.896.80 Lacs from four parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions of the unsecured loans taken were prima facie not prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us the repayment of the principal amounts are as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. *However, there is scope to strengthen the internal controls at operational level through proper implementation.* During the course of our audit no major weakness has been noticed in the internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts of arrangements referred to in Section 301 of Companies Act, 1956 have so been entered in register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, these contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) *In our opinion and according to the information and explanations given to us, the Company has not complied with certain provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public including non-filing of returns of fixed deposits etc. As informed to us, no order has been passed by the Company Law Board or National Law Tribunal or Reserve Bank of India or any other Court or any other Tribunal in contravention of the aforesaid provisions and/or rules by the Company.*
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business, *however, the scope and coverage of the same needs to be increased.*
- (viii) We have broadly reviewed the books of account maintained by the Company which have been made pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956, in respect of Sulphuric Acid, Single Super Phosphate (Fertilizer) and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the Company, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including Customs Duty and Wealth Tax, Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Cess and other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, the following undisputed statutory dues were outstanding as at June 30, 2010 for a period of more than six months from the date they became payable.

Nature of Dues	Period to which the amount relates	Due Dates	Amount (Rs.in Lacs)
Service Tax/ Interest thereon	2005-06	Various	0.19
	2006-07	Various	45.51
	2007-08	Various	33.31
	2008-09	Various	3.53
	Total		82.54
Profession Tax	2006-07	Various	11.18
	2007-08	Various	10.99
	2008-09	Various	1.19
	2009-10	Various	1.40
	Total		24.76
VAT and CST		Various	12.29
PF, FPF, EDLI, Admin. Charges, ESIC etc.		Various	0.30
Tax Deducted at source – WCT	2008-09	Various	0.01
	2009-10	Various	0.03
		Total	0.04



Nature of Dues	Period to which the amount relates	Due Dates	Amount (Rs.in Lacs)
Tax Collected at Source on Scrap Sales	2008-09	Various	0.06
IEPF – Unclaimed Dividend	Cannot be ascertained	Cannot be ascertained	10.63
IEPF – Unclaimed Interest on FD/Debentures	Cannot be ascertained	Cannot be ascertained	5.29
IEPF – Unclaimed Fixed deposits	Cannot be ascertained	Cannot be ascertained	20.46

- (ix) (b) According to the records of the Company, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax and Cess which have not been deposited on account of dispute are given below:

Name of the Statute	Nature of Dues	Forum where dispute is Pending	Period to which relates	Amount (Rs.in lacs)
Central Excise Act	Duty/Interest/Penalty	Asst.Commissioner	June 1999 to August 1999	2.29
	Duty/Interest/Penalty	Asst.Commissioner	Sept 1999 to Dec 1999	1.81
	Duty/Interest/Penalty	Asst.Commissioner	Jan 2000 to June 2000	3.04
	Duty/Interest/Penalty	Asst.Commissioner	Jul 1996 to may 1999	4.03
	Duty/Interest/Penalty	Asst.Commissioner	July 2000 to May 2001	2.68
	Duty/Interest/Penalty	Asst.Commissioner	Various	24.48
	Duty/Interest/Penalty	Asst.Commissioner	Various	0.57
	Duty/Interest/Penalty	Asst.Commissioner	August 2003 to May 2004	1.18
	Duty on captive consumption	Asst.Commissioner	Various	0.80
	Alleged undervaluation of SA	CESTAT	Various	9.76
			Total	50.64
Sales Tax Act	Tax/Interest/Penalty	Appellate Tribunal	1992-93	6.91
			1993-94	4.20
			Total	11.11
Entry Tax	Tax/Interest	High Court		5.21

- (x) The accumulated losses of the Company are more than fifty percent of the Net Worth of the Company as at the end of the financial period, and it has incurred cash loss during the period and in the immediately preceding previous period.
- (xi) During the period Company had defaulted in repayment of dues to Banks. However the Company's offers for One Time Settlement (OTS) made to the Banks have been accepted by those Banks before the year end. The Company has since complied with the stipulations contained in those OTS. Therefore, in our opinion and according to the information and explanations given to us, the Company as at the year end is not considered to be at any default in repayment of dues to those Banks.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The term loans outstanding in the books of the Company as on June 30, 2010 have been taken and utilized in earlier accounting periods, including working capital term loans, which have been converted from working capital fund based limits.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds amounting to Rs.12542.66 lacs raised on short-term basis have been used for long-term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) The Company has not issued any debentures during the period.
- (xx) The Company has not raised money by public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For K. S. Aiyar & Co.
Chartered Accountants
FRN: 100186W

Raghuvir M. Aiyar
Partner
Membership No. 38128

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

BALANCE SHEET

AS AT 30TH JUNE, 2010

		RS. IN LACS	
SCHEDULES	AS AT 30TH JUNE, 2010	AS AT 31ST MARCH, 2009	
SOURCES OF FUNDS			
SHARE CAPITAL	A	3005.78	3005.78
RESERVES & SURPLUS	B	165.88	165.88
SECURED LOANS	C	4606.98	7955.51
UNSECURED LOANS	D	2813.77	1709.58
		<u>10592.41</u>	<u>12836.75</u>
APPLICATION OF FUNDS			
FIXED ASSETS	E		
A) GROSS BLOCK		17564.82	19355.41
B) LESS : DEPRECIATION & IMPAIRMENT		12489.09	13284.68
C) NET BLOCK		5075.73	6070.73
D) CAPITAL WORK-IN-PROGRESS		57.53	37.67
		<u>5133.26</u>	6108.40
INVESTMENTS	F	1.63	501.73
DEFERRED TAX ASSET {(NOTE NO. 16(b) & 16(c)}		2654.15	2654.15
NET CURRENT ASSETS	G		
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES		644.22	717.02
SUNDRY DEBTORS		2022.00	2191.27
CASH AND BANK BALANCES		332.51	59.25
LOANS AND ADVANCES		752.87	704.43
		<u>3751.60</u>	3671.97
LESS: CURRENT LIABILITIES AND PROVISIONS		9897.09	6636.43
		<u>(6145.49)</u>	(2964.46)
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
VOLUNTARY RETIREMENT EXPENDITURE (NOTE NO. 9)		0.00	741.88
CONVERSION OF LENDERS' SACRIFICE		70.97	103.23
PROFIT & LOSS A/C		<u>8877.89</u>	<u>5691.82</u>
		<u>10592.41</u>	<u>12836.75</u>
NOTES ON ACCOUNTS	L		

As per our Report attached

L.N.GOCULDAS
Chairman

D.P. GOCULDAS
Chief Executive Officer

D. N. VAZE
Chief Finance Officer

FOR K.S.AIYAR & CO.
Chartered Accountants

H. T. KAPADIA
Director

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Secretary

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 31st August, 2010

Mumbai, 31st August, 2010



PROFIT AND LOSS ACCOUNT

FOR THE 15 MONTHS ENDED 30TH JUNE, 2010

RS. IN LACS

	SCHEDULES	APR. 09 TO JUNE 10	OCT. 07 TO MARCH 2009
INCOME			
Gross Sales		6584.40	17677.35
Less : Excise Duty		409.61	1476.80
Less : Sales Tax / Value Added Tax		206.88	505.56
Net Sales		5967.91	15694.99
Other Income	H	28.63	91.21
		<u>5996.54</u>	<u>15786.20</u>
EXPENDITURE			
Consumption of Materials	I	3477.25	11495.57
Other Expenditure	J	4524.56	5482.08
Interest (Net) [Including on Term Loans and Deposits Rs. 68.68 Lacs (Previous Year Rs.165.77 Lacs)] {Note No. 15}		281.94	712.82
Provision For Doubtful Debts & Advances		100.00	150.00
Depreciation & Lenders' Sacrifice Amortisation	K	798.84	1158.99
		<u>9182.59</u>	<u>18999.46</u>
PROFIT/(LOSS) BEFORE TAXATION		(3186.05)	(3213.26)
Deferred Tax Asset {Note No.16(b) & 16(c)}		0.00	505.98
PROFIT/(LOSS) AFTER CONSIDERING DEFERRED TAX ASSET		(3186.05)	(2707.28)
Wealth Tax		0.02	0.04
Fringe Benefit Tax		0.00	18.00
PROFIT/(LOSS) AFTER TAXATION		(3186.07)	(2725.32)
Balance Brought Forward		<u>(5691.82)</u>	<u>(2966.50)</u>
Balance Carried Forward		<u><u>(8877.89)</u></u>	<u><u>(5691.82)</u></u>
NOTES ON ACCOUNTS	L		

Basic, As Well As Diluted, Earnings Per Equity Share (In Rupees) (Note No. 20)			
a) Before Exceptional Item		(15.37)	(13.40)
b) After Exceptional Item		(15.37)	(13.40)
Nominal Value Per Equity Share (In Rupees)		10.00	10.00

As per our Report attached

L.N.GOCULDAS
Chairman

D.P. GOCULDAS
Chief Executive Officer

D. N. VAZE
Chief Finance Officer

FOR K.S.AIYAR & CO.
Chartered Accountants

H. T. KAPADIA
Director

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Secretary

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 31st August, 2010

Mumbai, 31st August, 2010

SCHEDULES TO BALANCE SHEET

		Rs.in Lacs	
		30th June, 2010	31st March, 2009
Schedule A	Share Capital		
Authorised:			
3,00,00,000	Equity Shares of Rs.10 Each (Previous Year 3,00,00,000 Equity Shares of Rs 10 Each)	3000.00	3000.00
10,00,000	Preference Shares of Rs.100 Each (Previous Year 10,00,000 Preference Shares of Rs. 100 Each)	1000.00	1000.00
		<u>4000.00</u>	<u>4000.00</u>
Issued:			
2,12,58,631	Equity Shares of Rs 10 Each (Previous Year 2,12,58,631 Equity Shares of Rs 10 Each)	2125.86	2125.86
8,80,000	Preference Shares of Rs.100 Each (Previous Year 8,80,000 Preference Shares of Rs 100 Each)	880.00	880.00
		<u>3005.86</u>	<u>3005.86</u>
Subscribed:			
2,12,57,821	Equity Shares of Rs 10 each (previous year 2,12,57,821 Equity Shares of Rs 10 each) [Out of these 82,41,175 Shares of Rs 10 each were allotted as fully paid up by way of Bonus shares by capitalisation of General Reserve (previous year 82,41,175 shares of Rs. 10 Each) 10,05,914 Shares were allotted as fully paid to the shareholders of the erstwhile Udaipur Phosphates and Fertilisers Ltd.(UPFL) consequent to the Amalgamation of UPFL with the company w.e.f.1-4-1999 (Previous year 10,05, 914 shares of Rs. 10 Each) and 67,63,437 Equity Shares of Rs 10 each were issued to the existing Shareholders on rights basis] (previous year 67,63,437) and 4,15,369 Equity Shares were issued to Lenders (previous year 4,15,369)	2125.78	2125.78
8,80,000	Preference Shares of Rs.100 Each (Previous Year 8,80,000 Preference Shares of Rs 100 Each)	880.00	880.00
		<u>3005.78</u>	<u>3005.78</u>

Note: 6,00,000 Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100 Each aggregating to Rs. 600 Lacs are redeemable in Five Equal Installments of Rs. 120 Lacs each during the Financial Years 2008-09 To 2012-13. However, The Company has not Redeemed these Preference Shares as per the revised redemption schedule in view of the carried forward losses. As per revised redemption schedule the unpaid dividend on these Preference Shares as at 30.06.2010 is Rs. 348.00 Lacs (Previous Year Rs. 288.00 Lacs) at the revised rate of 8% p.a.. Since, these Preference Shares are cumulative, this dividend amount will be paid in the year, in which the Company declares the same.

Further, 2,80,000 2.5% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each allotted on 31.12.2007, aggregating to Rs. 280 Lacs are redeemable in sixteen equal quarterly installments of Rs. 17.50 Lacs commencing from 1st April,2012.

The unpaid dividend on these Preference Shares as at 30.06.2010 is Rs. 17.56 Lacs (Previous Year Rs. 8.81 Lacs), at the rate of 2.50% p.a.. Since these preference shares are cumulative, this dividend amount will be paid in the year, in which the company declares the same.

SCHEDULE B RESERVES & SURPLUS

1. Capital Reserve	0.48	0.48
2. Subsidy from Government of Gujarat	25.00	25.00
3. Subsidy from Government of Maharashtra	20.00	20.00
4. Subsidy from Government of Rajasthan	15.00	15.00
5. Securities Premium	98.81	98.81
6. Export Profit Reserve	1.80	1.80
7. Amalgamation Reserve	4.79	4.79
Total	<u>165.88</u>	<u>165.88</u>



SCHEDULES TO BALANCE SHEET

		Rs.in Lacs	
		30th June, 2010	31st March, 2009
Schedule C	SECURED LOANS		
1. Borrowings From Secured Lenders		4606.98	7955.51
Against hypothecation of stocks of raw materials, finished goods, goods in process, packing materials etc. and debtors in respect of all factories and against mortgage of all the immovable properties of the Company, both present & future, situated at Ambernath, Roha, Jhar (Dist.-Amreli) and Khemli (Dist-Udaipur)			
		<u>4606.98</u>	<u>7955.51</u>

Borrowings from Secured Lenders indicated above are also secured by a Guarantee given by Late Shri. R.M. Goculdass, the then Chairman of the Company.

Schedule D	UNSECURED LOANS		
Fixed Deposits (Includes Inter Corporate Deposits)		922.80	946.80
(Amount due within one year Rs. 922.80 lacs) (previous year Rs. 946.80 lacs)			
Sales Tax Loans		243.14	315.58
(Amount due within one year Rs. 162.65 lacs) (previous year Rs. 162.47 lacs)			
Lenders' Sacrifice Converted into loans		117.40	117.40
(Amount due within one year Nil) (previous year Nil)			
Other Loans {Amount due within one year Rs. 1530.43 lacs (previous year Rs. 329.80 lacs)} & amount due to a Director & estate of a late Director Rs. 1530.43 lacs (previous year Rs. 329.43)		1530.43	329.80
		<u>2813.77</u>	<u>1709.58</u>

SCHEDULE E FIXED ASSETS

	Rs.In Lacs											
	Gross Block on 01/04/2009	Additions during Apr 09-June 10	Deductions during Apr 09-June 10	Gross Block on 30/06/2010	Total Depreciation on 01/04/2009	Deductions during Apr 09-June 10	Depreciation during Apr 09-June 10	Total Depreciation upto 30/06/2010	Impairment on 30/06/2010	Net Block on 30/06/2010	Net Block on 31/03/2009	
Freehold Land	56.01	-	-	56.01	-	-	-	-	-	56.01	56.01	
Leasehold Land	12.62	-	-	12.62	3.23	-	0.26	3.49	-	9.13	9.39	
Buildings	1255.93	5.92	0.00	1261.85	508.76	-	37.35	546.11	-	715.74	747.17	
Plant & Machinery (Owned)	16594.34	191.39	1952.09	14833.64	10870.31	1550.80	659.59	9979.10	729.28	4125.26	4994.75	
Plant & Machinery (Leased)	867.05	-	-	867.05	678.75	-	53.56	732.31	-	134.74	188.30	
Furniture And Equipments	465.21	1.62	26.68	440.15	397.90	0.90	12.42	409.42	-	30.73	67.31	
Vehicles	104.25	1.83	12.58	93.50	96.45	10.47	3.40	89.38	-	4.12	7.80	
TOTAL	19355.41	200.76	1991.35	17564.82	12555.40	1562.17	766.58	11759.81	729.28	5075.73	6070.73	
Previous Year	19195.92	211.25	51.76	19355.41	11496.34	18.98	1078.04	12555.40	729.28	6070.73		

Gross Block & Net Block of Buildings Include Cost of Shares of Prospect Chambers Office Owners Condominium amounting to Rs. 0.22 Lac (Previous Year Rs. 0.22 Lac)

SCHEDULES TO BALANCE SHEET

Schedule F INVESTMENTS (AT COST)		Rs.in Lacs	
		30th June, 2010	31th March, 2009
1. Government Securities			
National Saving Certificates(Unquoted)(Lodged as Security Deposit)		0.47	0.32
2. Investment In Subsidiary			
Nil Fully paid equity shares of DMCC Oil Terminals (Navlakhi) Ltd., of Rs.10 Each (Unquoted) (Previous Year 1,15,00,000)		-	500.25
(Net of diminution in value of Rs. 305.00 lacs effected in 2004-2005 and Rs. 344.75 lacs effected during Oct. 2007 to March 2009 & sold during the current year)			
3. Trade Investments			
33,000 Fully paid equity shares of Indian Potash Ltd., of Rs.10 each (Previous year 33,000)		0.55	0.55
4. Other Investments			
1,000 Fully paid equity shares of Dombivali Nagari Sahakari Bank Ltd. of Rs.50 each (unquoted)(previous year 1,000)		0.50	0.50
1,000 Fully paid equity shares of Saraswat Co-operative Bank Ltd. of Rs 10 each. (unquoted)(previous year 1,000)		0.10	0.10
25 Fully paid equity shares of Shamrao Vittal Co-operative Bank Ltd. of Rs 25 each. (unquoted)(previous year 25)		0.01	0.01
		<u>1.63</u>	<u>501.73</u>
		<u>1.63</u>	<u>501.73</u>
Unquoted Investments : Cost		Nil	Nil
Quoted Investments : Cost		Nil	Nil
Market Value of Quoted Investments		Nil	Nil

Schedule G NET CURRENT ASSETS		Rs. In Lacs	
		30th June, 2010	31th March, 2009
1. Inventories			
(a) Stores and Spares	207.29	278.10	
(b) Packing Materials	28.43	40.99	
(c) Stock-in-trade:			
(i) Raw Materials (Including in-transit Nil) (Previous Year Rs. Nil lacs)	227.09	106.53	
(ii) Material in process (Manufactured)	2.06	11.01	
(iii) Work in progress (Project) (Note No. 25)	0.65	6.16	
(iv) Finished Goods - Manufactured	178.70	274.23	
	<u>644.22</u>	<u>717.02</u>	
2. Sundry Debtors (Unsecured) :			
(a) Over Six Months : (Note No. 13,14 & 25)			
(i) Considered Good	1654.83	1687.57	
(ii) Considered Doubtful	1671.08	1571.08	
(b) Others-considered Good	367.17	503.70	
	<u>3693.08</u>	<u>3762.35</u>	
Less: Provision For Doubtful Debts Per Contra	1671.08	1571.08	
	<u>2022.00</u>	<u>2191.27</u>	
Balance C / F	2666.22	2908.29	



SCHEDULES TO BALANCE SHEET

Rs. In Lacs

Schedule G	NET CURRENT ASSETS (Contd.)	30th June, 2010	31th March, 2009
	Balance B / F	2666.22	2908.29
3. Cash and Bank Balances :			
(a) Cash In Hand		2.99	1.90
(b) With Scheduled Banks in Current Accounts		260.37	32.16
(c) With Scheduled Bank(in Foreign Currency) in Current Account		1.25	1.33
(d) With Scheduled Banks-in Fixed Deposit/Margin Money, etc.		66.94	22.90
(e) With Commercial Bank of Syria, (Unscheduled Bank) in Current Account (maximum balance during the year Rs.0.96 lacs, previous year Rs.0.96 lacs)		0.96	0.96
		<u>332.51</u>	<u>59.25</u>
4. Loans and Advances (Unsecured) : (Note No. 14)			
(a) Loans and Advances Recoverable in Cash or kind :			
(i) Considered Good (Includes Rs. Nil due from subsidiary Company, previous year Rs. 40.94 lacs)		536.45	399.38
(ii) Considered Doubtful		152.14	152.14
		<u>688.59</u>	<u>551.52</u>
Less: Provision for Doubtful Advances per contra		152.14	152.14
		<u>536.45</u>	<u>399.38</u>
(b) Balance with Customs, Public Bodies etc.		214.89	305.05
		<u>751.34</u>	<u>704.43</u>
(c) Advance Tax {Net of Provision for Taxation of Rs. 171.94 Lacs (Previous year Rs. Nil)}		1.53	-
		<u>3751.60</u>	<u>3671.97</u>
Less: Current Liabilities and Provisions:			
(A) Current Liabilities			
(a) Sundry Creditors (Note No. 12)		4612.65	5170.29
(b) Funds given by " Strategic Investor"		2998.65	-
(c) Compensation payable as per Voluntary Separation Scheme (Note No. 17(a))		707.01	-
(d) Acceptances		398.55	223.98
(e) Investor Education & Protection Fund (Appropriate amount shall be transferred to " Investor Education & Protection Fund" as and when due)			
(i) Unpaid Dividend		10.63	10.63
(ii) Unclaimed Matured Deposits		20.46	21.11
(iii) Unpaid FD / Debenture Interest		5.29	5.29
(f) Other Liabilities [Includes due to Directors Rs. 3.03 lacs (previous year Rs. 3.03 lacs)]		128.62	306.20
Sub Total (A)		<u>8881.86</u>	<u>5737.50</u>
(B) Provisions			
(i) Provision for Taxation [Net of Adv.tax Rs. Nil (previous year Rs. 167.43 lacs)]		0.00	1.39
(ii) Provision For Fringe Benefit Tax [Net of Adv. Rs. 38.27 lacs, (previous year Rs. 20.95 lacs)]		24.93	42.25
(iii) Provisions for Employees Benefits [(Note No. 24]		990.30	855.29
Sub Total (B)		<u>1015.23</u>	<u>898.93</u>
		<u>9897.09</u>	<u>6636.43</u>
		<u>(6145.49)</u>	<u>(2964.46)</u>

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rs.in Lacs

Schedule H OTHER INCOME

	Apr., 09 To June, 10	Oct., 07 To March, 09
Miscellaneous Income	28.07	79.49
Profit on Sale of Assets	0.56	11.72
	<u>28.63</u>	<u>91.21</u>

Schedule I CONSUMPTION OF MATERIALS

Raw Materials and Boughtouts	3258.43	11005.03
Packing Materials	114.34	194.63
Increase/Decrease in Stock of Manufactured Finished Goods & Materials - In - Process		
Stock at beginning of the year	285.24	581.15
Stock at end of the year	<u>180.76</u>	<u>285.24</u>
	104.48	295.91
	<u>3477.25</u>	<u>11495.57</u>

Schedule J OTHER EXPENDITURE

Wages, salaries and bonus (Note No. 17(a))	1316.41	1223.65
Contribution / Provisions To P.F. & other Funds (Note No. 17(a))	347.06	352.10
Staff welfare expenses (Note No. 17 (a))	50.17	169.13
	<u>1713.64</u>	<u>1744.88</u>
Stores and Spares	57.58	16.70
Power and Fuel	413.17	987.04
Insurance	25.15	65.31
Rates and Taxes	19.00	17.79
Repairs - Buildings	12.38	26.95
Repairs - Machinery	288.28	535.55
Rent / Lease Rent	0.12	3.43
Printing, Postage, Stationery and Telephones	47.89	80.27
Travelling and Car Expenses	47.22	88.37
Professional Fees	90.44	145.23
Miscellaneous Expenses (Note No. 11)	623.66	361.66
Internal Handling, Freight and Carriage Outward	207.12	632.65
Excise Duty	2.52	(15.19)
Advertisement and Publicity	4.14	7.04
Commission and Discount on Sales	1.97	68.71
Amortisation of Deferred Revenue Expenditure (Note No. 9)	741.88	369.26
Provision For Diminution in value of Shares	-	344.75
Loss on Sale of Shares	649.75	-
Less Provision For Diminution in Value of Shares (Utilized)	<u>649.75</u>	-
Loss on Sale of Fixed Assets	228.40	1.68
	<u>4524.56</u>	<u>5482.08</u>

Schedule K DEPRECIATION & LENDERS' SACRIFICE AMORTISATION

1) Depreciation on Fixed Assets	766.58	1078.04
2) Amortisation of Lenders' Sacrifice	32.26	80.95
Total	<u>798.84</u>	<u>1158.99</u>



SCHEDULE - L

NOTES TO THE ACCOUNTS FOR THE PERIOD APRIL 2009 TO JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company follows the accrual basis of accounting.

Fixed Assets

Fixed Assets are stated at cost of acquisition or construction, including attributable interest & financial costs till such assets are ready for its intended use, less accumulated depreciation, impairment losses and specific grants received, if any.

Method of Depreciation

Depreciation on all Fixed Assets acquired upto 31.12.1981 is provided on Written Down Value method. Depreciation on all Fixed Assets acquired after 31.12.1981 is provided on Straight Line method.

From the year 1993-94, depreciation on all assets (except continuous process plant and machinery acquired between 01.01.1982 to 31.03.1993) has been provided at the rates specified in Schedule XIV to the Companies Act, 1956, as revised by the notification dated 16th December, 1993, issued by the Department of Company Affairs. In respect of continuous process plant and machinery acquired between 01.01.1982 to 31.03.1993, the specified period (during which the Plant and Machinery is to be depreciated) has been recalculated considering the depreciation already provided upto 31.03.1993 and depreciation from the year 1993-94 has been provided at the reworked rates, which are lower than Schedule XIV rates as per the option given in Guidance Note issued by the Institute of Chartered Accountants of India.

Depreciation on additions and deletions during the year is provided on pro-rata basis.

Cost of leasehold land is amortised over the period of lease.

Treatment of Expenditure during the Construction period

The expenditure incurred during the period of construction (including cost of trial runs, stores issued, expenses on labour allocated for such purpose) is debited to capital work-in-progress and on completion, the costs are allocated to the respective fixed assets. Interest on specific borrowings relating to acquisition of fixed assets is capitalised upto the date of commissioning.

Valuation of Inventories

Inventories and stores are valued at lower of cost and net realisable value. Cost of Raw materials is computed on an annual weighted average basis. In respect of finished goods / work-in-progress, cost is determined by taking into consideration all direct costs and systematic allocation of related fixed & variable overheads.

Investments

Long-term investments are carried at costs. However provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are stated at costs or fair value whichever is lower.

Sales

Gross Sales include Turnkey Project sales (based on % completion method), Processing Charges, Excise Duty, Sales Tax / Value Added Tax, Freight on sale of finished goods, Subsidy receivable / received from the Central Government on sale of Single Super Phosphate (SSP). Domestic sales are recognised on despatch of products and are stated net of returns. Export sales are accounted on the basis of dates of Bill of Lading.

Taxation

Income Tax expense comprises of Current Tax, Deferred Tax charge or credit and fringe benefit tax.

i) Current Tax :

A provision is made for the Current Tax based on Tax Liability computed in accordance with relevant provisions & tax rates as per the Income Tax Act, 1961.

ii) Deferred Tax :

The Deferred Tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

Employees' Benefits

Contributions to the Company's Provident Fund, Family Pension Fund, Superannuation Fund and Gratuity Fund (based on actuarial valuation) are being charged to revenue.

The Company has the scheme which enables employees to encash the accumulated privilege leave (upto stipulated limits) on retirement. The Company's liability in respect of this leave encashment scheme is determined on the basis of actuarial valuation and the same is charged to Profit & Loss Account.

Foreign Currency Transactions

- (i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

forward exchange contract is recognised as income or expense for the year. Foreign currency transactions are accounted at the rate prevailing on the date of transaction.

- (ii) Non Monetary items, which are carried in terms of historical cost determined in a foreign currency are reported using the exchange rate at the date of transaction.
- (iii) Gain or Loss arising out of translation / conversion is taken credit for or charged to the profit and loss account.

Provisions / Contingencies

Provision is recognised when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value & are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefit is remote.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed, depending on changes in circumstances, if any.

Lenders' Sacrifice Amortisation

The cost to the Company arising out of conversion of lenders' sacrifice (by way of reduction in the interest rates) is amortised equally over the period of repayment of term loans to the lenders.

2. Professional Fees include Payments to Auditors for :	April 09 to June 10	Oct 07 to March 09
Audit Fees(including service tax)	4.96	5.06
Fees for Limited Reviews and Corporate Governance Certificate (Including Service Tax)	2.16	2.60
Tax Audit Fees(including service tax)	1.93	2.40
Other Services	1.54	7.23
Travelling and out-of-pocket expenses	1.23	1.14
3. Salaries, Wages and Consumption of Stores and Spares are shown net after allocation as follows:		
Salaries and Wages allocated to repairs, etc.	53.19	219.85
Stores and Spares allocated to repairs, etc.	143.21	226.84
4. Managerial Remuneration		
(excludes contributions to Gratuity Fund & Leave encashment on retirement, since same is provided on an actuarial basis for the Company as a whole)		
(i) Salary	16.50	32.40
(ii) Perquisites and Benefits (including contributions to P.F & Superannuation Fund)	10.36	20.85
Total Managerial Remuneration	26.86	53.25
5. No provision has been made towards Commission to Directors due to inadequacy of profit for the years April 2009 to June 2010, Oct. 2007 to March 2009, April 2006 to Sept. 2007, 2005-2006, 2004-2005 & 2003-2004. Remuneration and benefits paid to Chief Executive Officers/ Executive Directors for the years, April 2009 to June 2010, Oct. 2007 to Mar. 2009, April 2006 - Sept. 2007, 2005-2006, 2004-2005 and 2003-2004 are within the limit prescribed under Schedule XIII to the Companies Act, 1956.		
6. Miscellaneous Income includes :		
(i) Dividend from Trade Investments (gross)	0.66	0.59
(ii) Dividend from other Investments (gross)	0.02	0.04
7. Contingent Liabilities not provided for:		
(i) Outstanding claims in respect of Excise Duty, Sales-Tax, etc.	44.21	81.13
(ii) Guarantees given by the Company and Company's Bankers	33.75	950.83
(iii) Arrears of Cumulative Preference Dividend	365.56	296.81
(iv) Claims against Company not acknowledged as debts	55.76	-
(v) Estimated Amount of Contracts remaining to be executed on Capital Account & not provided for.	29.77	-



8. Wages, Salaries and Bonus include provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement in accordance with Accounting Standard 15 of the Institute of Chartered Accountants of India. Contribution to Provident and other funds includes Company's contribution to Provident Fund, Family Pension Fund, Gratuity Fund (based on actuarial valuation) and Superannuation Fund.
9. In case of payments made from 1st April, 2000, under the Voluntary Retirement Schemes of the Company, the total amount paid is treated as a deferred revenue expenditure and amortised over a period of 84 months or the number of months service foregone, whichever is lower, using the sum of digits method. Under this method the charge to Profit and Loss account is lowest in the first year and the highest in the last year. However, the amount to be amortised beyond 31st March 2010 also is charged during the period of April 2009 to June 2010, in accordance with Accounting Standard (AS 15) (Revised 2005) on Employee Benefits. Accordingly a sum of Rs.741.88 lacs (Previous Year Rs.369.26 lacs) has been charged to the Profit and Loss Account as deferred revenue expenditure, on account of compensation paid to employees under Early Voluntary Retirement Schemes and Rs. Nil (Previous Year Rs.741.88 lacs) has been carried forward to Deferred Revenue Expenditure account as per the method of accounting followed by the Company.
10. Subsidy from Governments of Gujarat (Rs.25 lacs), Maharashtra (Rs.20 lacs) and Rajasthan (Rs.15 lacs) for setting up of industrial units at Jhar, (Dist.Amreli), at Roha (Dist.Raigad) and Khemli (Dist.Udaipur), respectively, is repayable in the event of non-fulfilment of stipulated conditions.
11. Miscellaneous expenses for the period ended 30.06.2010 includes gain / (loss) Rs.(12.24) lacs {previous year Rs. (103.07) lacs} on foreign exchange.
12. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date, computed on unit wise basis. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the 15 months period ended on the Balance Sheet date, nor is any interest payable to any Micro, Small and Medium Enterprises on the Balance sheet date.

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

13. A contract was entered into in 1993 between the Company and General Fertiliser Co., (GFC) Homs, Syria for revamping of two streams of Sulphuric Acid Plant of GFC by the Company. The value of the contract was USD 12.8 million plus Syrian Pounds 72 million, equivalent to Rs.44.24 crores, considering the exchange rates prevailing in 1993. The Company has completed this project and has also given the required performance test runs on the two streams of the Sulphuric Acid plant. The Company has also received all payments from GFC, Syria except payment of certain invoices aggregating to USD 1.37 million (included in "Sundry Debtors") equivalent to Rs.645.91 lacs as on 30.06.2010. The Company has also made claims from GFC, Syria towards interest on delayed payments, bank charges for extension of the validity period of the Letter of Credit/bank Guarantees and other overheads.

The Company has not taken any credit for these claims in the books of accounts. As provided in the contract, the case was referred to the Arbitration Tribunal at Damascus, Syria. The Arbitration Tribunal has given its award, according to which GFC, Syria was required to make payment to the Company of the aforesaid unpaid dues aggregating to USD 1.37 million.

Further, the Arbitration Tribunal has accepted certain claims made by the Company as also by GFC, Syria. The Company as well as GFC, Syria have filed their respective appeals against the Arbitration award with the State Council at Damascus, Syria. The Company as well as GFC, Syria have made certain claims on each other, in their respective appeals as filed with the State Council. The State Council constituted a seven members Expert Committee in October 2002 to examine these claims and give its recommendations. The Report of this Expert Committee, containing its recommendations has been submitted to the State Council. The comments received from GFC, Syria and the Company (in response to the recommendations of the Expert Committee) have been forwarded by the State Council to the Expert Committee. Based on these comments, the Expert Committee has submitted its Report to the State Council recommending payment to the Company of the aforesaid invoices aggregating to USD 1.37 million (equivalent to Rs.645.91 lacs) and certain other claims of the Company.

On this basis, the Supreme Administrative Court of Syria has given its judgement according to which a net amount of about USD 0.90 Million (equivalent to Rs. 415.44 lacs) is payable by GFC to the Company as on 30.06.2010. The shortfall is receivable between the amount included in "Sundry Debtors" as on 30.06.2010 (i.e. Rs.645.91 lacs) and the net amount payable to the Company as on 30.06.2010 as per the judgement given by Supreme Administrative Court of Syria (i.e. Rs.415.44 lacs), has already been provided in earlier Financial Years.

14. (a) The Company has made a provision for Doubtful Debts and Advances aggregating to Rs.1823.22 lacs upto the period ended 30.06.2010 (Previous Year 1723.22 lacs). In the opinion of the Management of the Company, this provision is adequate to cover the Doubtful Debts & Advances as on 30.06.2010, including those in respect of dues from GFC, Syria (to the extent considered doubtful).
(b) The Debtors as on 30.06.2010 are subject to confirmations from customers.
15. Interest expense for the period ended 30th June 2010 and for the period ended 31st March 2009 is net off interest income of Rs.12.67 lacs and Rs.9.25 lacs, respectively. Tax deducted at source in respect of aforesaid interest income for the period ended 30 th June 2010 is Rs. 1.01 lacs (Previous year Rs.0.98 lacs)
16. (a) No provision has been made in respect of current income tax since there is no taxable income during the period ended 30th June 2010 and for the period ended 31st March 2009.
(b) The Company will start trading in various fertilisers and other agri inputs in association with a "Strategic Investor", after completing One Time settlement (OTS) of dues to secured lenders (presently in progress). This will result in significant additional turnover and profits. Consequently, there is virtual certainty of realisation in respect of "Deferred Tax Asset" mainly resulting from unabsorbed depreciation and carried forward losses. Accordingly, the Company had recognised "Deferred Tax Asset" amounting to Rs. 2148.17 Lacs, in the Financial Accounts for the 18 months ended 30th September 2007, considering unabsorbed depreciation and unabsorbed business losses upto 31.03.2007. The Company has recognised further "Deferred Tax Asset" amounting to Rs. 505.98 lacs in the Financial Accounts for the period of 18 months ended 31.03.2009, mainly resulting from Unabsorbed Depreciation upto 31.03.2009 and Unabsorbed Business Losses upto 31.03.2008. The Company will also recognise "Deferred Tax Asset" resulting from further "Unabsorbed Depreciation" and further "Unabsorbed business losses" after completing OTS of dues to secured lenders.

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- (c) The break-up of the Deferred Tax Liability / (Deferred Tax asset) as on 30.06.2010 and 31.03.2009, recognised by the Company in the books of accounts, is as follows :

	As on 30.06.2010	As on 31.03.2009
Deferred Tax Liabilities :		
Difference between book and tax depreciation	1611.05	1611.05
Others	221.90	221.90
Total	<u>1832.95</u>	<u>1832.95</u>
Deferred Tax Assets :		
Unabsorbed depreciation / Business loss	3610.68	3610.68
Others	876.42	876.42
Total	<u>4487.10</u>	<u>4487.10</u>
Net Deferred Tax Liabilities / (Deferred Tax Assets) :		
	<u>(2,654.15)</u>	<u>(2,654.15)</u>
	<u>(2,654.15)</u>	<u>(2,654.15)</u>

17. (a) The non-viable operations of the Company's fertiliser and chemical business at its Ambarnath factory had resulted in continued losses and delayed payment of wages and salaries to employees for last several months. With a view to reduce losses, the Management had submitted its Charter of Demands on the Company's recognised Union at Ambarnath, which has been rejected by the Union. The Management, therefore, has suspended the operations of its Ambarnath factory, with effect from 23rd January, 2009 and has issued a notice of "Lock Out" of the said factory with effect from 9th February, 2009. Consequently, the Company has not provided for the employees cost with effect from 9th February, 2009 (being not payable), in respect of those employees who are covered by "Lock Out".

The Company's recognised Union at Ambarnath requested the Industrial Court, Maharashtra, at Thane to grant various interim reliefs (including granting of stay on the effect, implementation, and operation of the afforsaid notice of "Lock Out"). This request of the Union was rejected by the Industrial Court, Maharashtra, at Thane.

Subsequently, the Company signed a Memorandum of Agreement dated 30th June 2010 with the Company's recognised Union at Ambarnath, under which a Voluntary Separation Scheme was introduced for the workmen at Ambarnath (including workmen of Head Office). Accordingly all workmen at the Company's Ambarnath factory (including workmen of Head Office) have since applied for Voluntary Separation from the services of the Company. The "Separation Compensation" (aggregating to Rs.707.01 lacs) payable to all these workmen has been provided in the books of account for the extended Financial Year ended 30/06/2010 and same has since been paid to these workmen in August, 2010 alongwith all other legal dues.

- (b) The Company is in the process of obtaining the requisite approval of the shareholders under section 293(1)(a) of the Companies Act, 1956 for sale / transfer / disposal of its Land, Factory Buildings and Plant & machinery at its Ambarnath factory. The Company has already issued the Postal Ballot Forms for the same to its shareholders for this purpose.

In view of the above, Fixed Assets, Current Assets and Current Liabilities relating to Ambarnath Factory of the Company have been excluded from the "Segment Assets" and the "Segment Liabilities" indicated in Note No. 18 to the Accounts.

18. Segment Reporting :

The Company has disclosed Business Segments as its primary segments. Reporting segments have been identified as Fertilisers and Chemical, taking into account the nature of products, the different risks and returns, the organisation structure and the internal reporting system.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also the amounts allocated on a reasonable basis to the respective segments. The expenses, which are not directly related to the business segments, are shown as unallocated costs. Corporate assets and liabilities have been allocated on the basis of turnover of the segments. Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated assets & liabilities. Inter Segment Transfers are at cost of production.



SEGMENT INFORMATION FOR THE PERIOD APRIL 2009 TO 30th June 2010
INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

	Fertilisers [Rs in Lacs]	Chemicals [Rs in Lacs]	Others [Rs in Lacs]	Total [Rs in Lacs]
REVENUE (NET)				
Domestic Sales (Net of Excise Duty & Value Added Tax/S.Tax)	132.70 (1692.24)	4521.47 (10536.33)	15.01 (1147.77)	4669.18 (13376.34)
Export Sales		1298.73 (2318.65)		1298.73 (2,318.65)
Total Segment Revenue	132.70 (1692.24)	5820.20 (12854.98)	15.01 (1147.77)	5967.91 (15694.99)
RESULT (Profit / -Loss before Tax, Interest, Non-operating income, exceptional items and Unallocated Expenditure)	-396.69 (-709.87)	-977.02 (-1200.42)	-49.25 (-151.26)	-1422.96 (-2061.55)
Operating Profit				-1422.96 (-2061.55)
Interest				281.94 (712.82)
Profit/ - Loss before Non - operating Income				-1704.90 (-2774.37)
Non - Operating Income				0.00 (11.32)
Less : Lenders' Sacrifice Amortisation				32.26 (80.95)
Less : Amortisation of Voluntary Retirement Expenditure				741.88 (369.26)
Compensation as per Voluntary Separation Scheme				707.01 (-)
Profit / - Loss before Taxation				-3186.05 (-3213.26)
Deferred tax asset				0.00 (505.98)
Profit / - Loss after considering Deferred Tax Asset but before Taxation				-3186.05 (-2707.28)
Tax Provision/FBT for current year				0.02 (18.04)
NET PROFIT / - LOSS				-3186.07 (-2725.32)
<u>OTHER INFORMATION</u>				
Segmental Assets	316.01 (1843.42)	4183.78 (7618.50)	270.53 (820.18)	4770.32 (10282.10)
Segmental Liabilities	157.64 (665.91)	3261.26 (5813.97)	91.82 (156.55)	3510.72 (6592.79)
Capital Expenditure	0.03 (0.15)	220.48 (87.88)	0.00 (0.00)	220.51 (88.03)
Depreciation	72.02 (90.58)	694.56 (987.46)	0.00 (0.00)	766.58 (1078.04)
<u>Segment Assets exclude :</u>				
Miscellaneous Expenses (to the extent not written off)				0.00 (741.88)
Conversion of Lenders' sacrifice (to the extent not written off)				70.97 (103.23)
Deferred Tax Asset				2654.15 (2654.15)
Fixed Assets & Current Assets relating to Ambernath Factory {Note 17 (b)}				4114.64 (-)

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	Fertilisers [Rs in Lacs]	Chemicals [Rs in Lacs]	Others [Rs in Lacs]	Total [Rs in Lacs]
Segment Liabilities exclude :				
Secured Loans				4606.98 (7955.51)
Unsecured Loans				2813.77 (1709.58)
Funds given by a Strategic Investor				2998.65 (-)
Current Liabilities relating to Ambernath Factory {Note 17 (b)}				3386.19 (-)

Note : Figures in brackets pertain to Previous Year.

Information about Secondary Segments :- Geographical

	For the year ended 30.06.2010 (15 months)	For the year ended 31.03.2009 (18 months)
a) Revenue by Geographical Market		
India - Fertilisers	132.70	1692.24
- Chemicals	4521.47	10536.33
Outside India - Chemicals	1298.73	2318.65
- Unallocated	15.01	1147.77
Total	5967.91	15694.99
b) Carrying Amount of Segment Assets		
India - Fertilisers	316.01	1843.42
- Chemicals	4034.91	7492.55
- Unallocated	270.53	820.18
Outside India - Chemicals	148.87	125.95
Total	4770.32	10282.10
c) Addition to Fixed Assets and Intangible Assets *		
India	200.76	211.25
Outside India	0.00	0.00
Total	200.76	211.25

*excludes Capital Work-in Progress.

19. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

	April 2009 to June 2010		Oct 2007 to March 2009	
	Quantity (MTs)	Value (Rs.in Lacs)	Quantity (MTs)	Value (Rs.in Lacs)
(1) TURNOVER (Net of Excise Duty & Value Added Tax)				
Single Superphosphate	736	40.67	34911	1692.24
Commodity Chemicals	92553	3004.66	116652	8593.87
Speciality Chemicals	4163	2592.85	5891	3854.85
Others (including processing charges)		329.73		1554.03
		5967.91		15694.99
(2) RAW MATERIALS AND BOUGHTOUTS CONSUMED				
Rock Phosphate	-	-	13307	447.18
Sulphur	33662	2119.13	41378	7447.31
Special Denatured Spirit	2221	530.98	1852	367.32
Others		608.32		2743.22
		3258.43		11005.03
(3) VALUE OF RAW MATERIALS AND BOUGHTOUTS, STORES, SPARES AND COMPONENTS CONSUMED				
Raw Materials and Boughtouts:				
Imported				4141.58 (37.63%)
Indigenous		3258.43 (100.00%)		6863.45 (62.37%)



Stores, Spares and Components:

Imported	-	-
	-	-
Indigenous	200.79	243.54
	(100.00%)	(100.00%)
(4) VALUE OF IMPORTS CALCULATED ON CIF BASIS :		
Raw Materials & Boughtouts	-	3004.82
(5) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Foreign tours, Subscription, etc.	33.02	103.11
(6) EARNINGS IN FOREIGN CURRENCY IN RESPECT OF :		
Export of goods calculated on FOB basis	1247.85	2163.51
Turnkey Project Sales	15.01	1147.77

(7) (a) CAPACITIES AND PRODUCTION (in M.Tonnes)

	Licensed/ Registered Capacity 2009-2010	Installed Capacity *	Actual Production@
	(PER ANNUM)	(PER ANNUM)	April 2009 to June 2010
Single Superphosphate	432,000 (432,000)	366,000 (432,000)	16,005** (18,168)
Sulphuric Acid 100%	412,400 (412,400)	320,000 (379,400)	99,228 (123,669)
Chlorosulphonic Acid	88,000 (71,500)	56,500 (56,500)	5,408 (6,237)
Sulfamic Acid	10,000 (10,000)	10,000 (10,000)	854 (1,593)
Alumina Sulphate 17%	52,800 (52,800)	52,800 (52,800)	- (3,135)
Ammonium Sulfamate	1,500 (1,500)	1,500 (1,500)	14 (37)
Diethyl Sulphate	5,000 (5,000)	5,000 (5,000)	1,696 (1,306)
Benzene Sulfonyl Chloride	3,750 (3,750)	3,750 (3,750)	- (830)
Ammonium Silico Fluoride	3,000 (3,000)	3,000 (3,000)	- (-)
Methane Sulfonic Acid	1,000 (1,000)	1,000 (1,000)	- (107)
Other Speciality Products	11,650 (11650)	11,650 (11650)	1,523 (2,301)

* As certified by the Management

@ Includes production for captive consumption, wherever applicable

** Includes production for 3rd parties

(b) OPENING AND CLOSING STOCKS OF FINISHED GOODS :

	Opening Stock		Closing Stock	
	Quantity (MTs)	Value (Rs.in Lacs)	Quantity (MTs)	Value (Rs.in Lacs)
Single Superphosphate	1,753	71.52	141	4.50
	(4,842)	(167.76)	(1,753)	(71.52)
Commodity Chemicals	1,915	40.51	1,015	34.57
	(2,087)	(64.65)	(1,915)	(40.51)
Speciality Chemicals	321	157.71	315	138.78
	(593)	(331.87)	(321)	(157.71)
Others		4.49		0.85
		(5.39)		(4.49)
Total Manufactured Finished Goods		274.23		178.70
		(569.67)		(274.23)

Figures in bracket are in respect of the previous year

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20 The working of basic, as well as diluted, earnings per equity share (in Rupees) is as follows :

	APR 09 / JUNE 10	OCT 07 / MAR 09
Before Exceptional item		
Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax there on (Rs. Lacs)	(3,266.50)	(2,819.86)
Denominator - weighted average number of equity shares	21,257,821	21,039,525
Basic, as well as diluted, earnings per equity share (in Rs)	(15.37)	(13.40)
After Exceptional item		
Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax there on (Rs. Lacs)	(3,266.50)	(2,819.86)
Denominator - weighted average number of equity shares	21,257,821	21,039,525
Basic, as well as diluted, earnings per equity share (in Rs)	(15.37)	(13.40)

21. Related Parties Disclosures :

(A) Promoters holding more than 20% of the voting power

Name of the Related Parties	Nature of Relationship
(i) Late Shri R.M.Goculdas	Promoter and Chairman, (holding more than 20% of the voting power), upto 09th November, 2009
(ii) Shri L.N.Goculdas	Promoter and Vice Chairman (holding more than 20% of the voting power) upto 9th November, 2009, and Promoter and Chairman (holding more than 20% of the voting power), from 10th November, 2009

(B) Subsidiary/Associate/Other Related Companies

Name of the Related Parties	Nature of Relationship
(i) DMCC Oil Terminals (Navlakhi) Ltd.	Subsidiary Company upto 30.06.2009
(ii) Borax Morarji Ltd.	Associate Company
(iii) The Natural Gas Co.Pvt.Ltd.	Other Related Company
(iv) L.P.Gas Equipment Pvt.Ltd.	Other Related Company
(v) Phoenix Distributors Pvt.Ltd.	Other Related Company
(vi) Jasraj Trading Co.	Other Related Company
(vii) Kosan Industries Pvt.Ltd.	Other Related Company
(viii) Bombay Foods Pvt.Ltd.	Other Related Company

(C) Key Management Personnel

(i) Shri D.P.Goculdas	Chief Executive Officer
(ii) Shri B.L.Goculdas	Chief Executive Officer
(iii) Shri D.N.Vaze	Chief Finance Officer

(D) Transaction with Promoters holding more than 20% of the voting power

	(Rs.in Lacs)
Sitting Fees for attending Board and Committee meetings	0.85 (0.75)

(E) Transactions of the Company with Subsidiary/Associate/Other Related Companies

	Subsidiary/ Associate/ Companies	Other Related Companies
(i) Purchase of Goods/Services Received by the Company Borax Morarji Ltd.	210.27 (387.01)	
(ii) Sale of Goods/Services Rendered by the Company Borax Morarji Ltd.	0.11 (686.04)	
(iii) Interest paid by the company	-	
	(36.78)	
(iv) Expenses Reimbursed (Net) to the Company	1.66 (5.83)	



	<u>(Rs.in Lacs)</u>
(v) Closing balance included in Current Assets of the Company	39.44
	(151.53)
(vi) Closing balance included in Current Liability of the Company	-
	-
(vii) Closing balance included in Unsecured Loan of the Company	896.80
	(896.80)
(F) Transactions relating to Key Management Personnel	Rs.in Lacs
(i) Remuneration	27.00
	(32.40)
(ii) Rent / HRA paid for residential accommodation / other benefits	16.24
	(20.85)
(iii) Closing balance as at year ended included in Outstanding liability of the Company	3.03
	(3.03)
(iv) Unsecured Loan taken by the Company and outstanding as at the year end	1,530.43
	(329.43)

Related party relationships are as identified by the Company and relied upon by the Auditors.

Figures in brackets pertain to Previous Year

22. Since the Equity Shares held by the Company in DMCC Oil Terminal (Navlakhi) Limited (DOTL), were sold during the current year, DOTL is not a subsidiary of the Company after this sale. Therefore, the Company is not required to prepare the Consolidated Financial Statements.

23. The Company has prepared the financial statements for the period ended 30.06.2010 on a "Going Concern Basis", since the Company is confident that its profitability will improve in future in view of the following:

a) A new activity of trading (in various fertilizers and other agri inputs), which the Company will commence in association with a "strategic investor" after completing OTS of dues to Banks, and

b) Continued efforts by the Company for improving efficiency, restructuring / rationalisation of operations and optimisation of cost.

24. Employee Benefits :

The company has made provision for following benefit plans as per Accounting Standard 15 (Revised 2005) "Employee Benefits". Defined Benefit Plans / Long Term Compensated Absences: As per Actuarial Valuation as on 30.06.2010, the required data is as follows:

(i) Continuing Employees :

	<u>Rs.in Lacs</u>	
	April 2009 to June 2010	
	<u>GRATUITY</u>	<u>LEAVE ENCASHMENT</u>
I Expense recognised in the statement of Profit & Loss Account for period ended 30th June 2010		
1. Current Service Cost	11.78	16.34
2. Interest Cost	41.19	7.45
3. Past Service Cost (vested benefits)	6.42	-
3. Expected Return on plan assets	-	-
4. Actuarial (Gain / (Losses))	(374.65)	(66.50)
5. Total Expenses	(315.26)	(42.71)
II Net Assets / (Liability) recognised in the Balance Sheet as at 30th June 2010		
1. Present value of Defined Benefit Obligation as at 30th June 2010	200.20	45.32
2. Fair Value of plan assets as at 30th June 2010	0.00	0.00
3. Funded Status [(Surplus)/(Defecit)]	(200.20)	(45.32)
4. Net asset / (Liability) as at 30th June 2010	(200.20)	(45.32)
III Change in Obligation during the period ended 30th June 2010		
1. Present value of Defined Benefit Obligation at the beginning of the year	583.56	110.66
2. Current Service Cost	11.78	16.34
3. Interest Cost	41.19	7.45
3. Past Service Cost - (Vested Benefits)	6.42	-
5. Actuarial [Gain / (Losses)]	(374.65)	(66.50)
6. Benefits Payments	(68.10)	(22.63)
7. Present value of Defined Benefit Obligation at the end of the year	200.20	45.32

EIGHTY NINTH ANNUAL REPORT APRIL, 2009 TO JUNE, 2010 (15 MONTHS)

		Rs. in lacs	
		April 2009 to June 2010	
		GRATUITY	LEAVE ENCASHMENT
IV Change in Assets During the period ended 30th June 2010			
1.	Plan assets at the beginning of the year	0.00	0.00
2.	Expected return on plan assets	0.00	0.00
3.	Contributions by employers	68.10	22.63
4.	Actual benefits paid	(68.10)	(22.63)
5.	Actuarial {Gain / (Losses)}	0.00	0.00
6.	Plan assets at the end of the year	0.00	0.00
V Actuarial Assumptions :			
1.	Discount Rate	7%	7%
2.	Expected rate of return on plan assets	0%	0%
3.	Salary Escalation rate	1%	1%
3.	Mortality Rate	LIC (1994-96)	LIC (1994-96)
(ii) For Ex-employees		664.06	80.72
25. Disclosure in terms of Revised Accounting Standard 7 (Construction Contracts)			
		APR 09 / JUNE 10	OCT. 07 / MAR 09
I.	Contract revenue recognised as revenue in the period	15.01	1147.77
II.	For Contracts that are in progress as on 30.06.2010		
a)	Contract costs incurred & recognised profits (Less :- Recognised Losses) upto the reporting date	0.65	1153.93
b)	Work in Progress as on 30.06.2010	0.65	6.16
c)	Amount due from customers for contract work {other than WIP stated in (b) above}	Nil	12.99
d)	Gross amount due to customers for contract work	Nil	Nil

26. The Company has extended the current Financial Year by 3 months upto 30/06/2010, 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 15 months commencing from 1st April, 2009 and ending on 30th June, 2010.
Therefore, figures as per these Financial Statements are not comparable with the figures in respect of previous financial year i.e. 1st October, 2007 to 31st March, 2009.

27. Figures in respect of the previous year have been regrouped wherever necessary.

As per our Report attached	L.N. GOCULDAS Chairman	D.P. GOCULDAS Chief Executive Officer	D. N. VAZE Chief Finance Officer
FOR K.S.AIYAR & CO. Chartered Accountants	H. T. KAPADIA DIRECTOR	B.L. GOCULDAS Chief Executive Officer	D.T GOKHALE Secretary
RAGHUVIR M.AIYAR Partner Membership No.38128			
Mumbai, 31st August, 2010	Mumbai. 31st August, 2010		



CASH FLOW STATEMENT

	For The Year Ended 30.06.2010 (15 months)	(Rs. in lacs) For The Year Ended 31.03.2009 (18 months)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/-Loss before Tax	-3186.05	-3213.26
Adjustments for :		
Depreciation	766.58	1078.04
Provision for Diminution in value of Investment	-	344.75
Deferred Revenue Expenditure (amortisation of EVR)	741.88	369.26
Amortisation of Lenders' Sacrifice	32.26	80.95
Dividend Income	-0.68	-0.63
Interest Charged (Net)	281.94	712.82
- Profit/Loss on sale of assets (Net)	227.84	-10.04
	<u>2049.82</u>	<u>2575.15</u>
Operating Profit Before Working Capital Changes	-1136.23	-638.11
Adjustments for :		
Trade Receivables	169.27	2609.20
Other Receivables	-48.44	475.04
Inventories	72.80	1676.43
Trade Payables	282.11	-4934.75
	<u>475.74</u>	<u>-174.08</u>
Cash generated from / (used in) Operations	-660.49	-812.19
Taxes Paid & Tax Deducted at Source	-20.26	-6.26
Net cash generated from / (used in) Operating Activities	<u>-680.75</u>	<u>-818.45</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-220.62	-88.03
Sale of Fixed Assets	201.34	42.82
Purchase of Investment	-0.15	-
Sale of Investment	500.25	0.02
Dividend Received	0.68	0.63
Net Cash generated from / (used in) Investing Activities	<u>481.50</u>	<u>-44.56</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Funds given by a Strategic Investor	2998.65	-
Increase/ (Decrease) in Borrowings from Secured Lenders	-3348.53	1043.81
Increase in Borrowings from Unsecured Lenders	1104.19	246.20
Interest Paid	-281.80	-749.08
Net Cash generated from / (used in) in Financing Activities	<u>472.51</u>	<u>540.93</u>
D. NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	273.26	-322.08
E. CASH AND CASH EQUIVALENTS - OPENING BALANCE	59.25	381.33
F. CASH AND CASH EQUIVALENTS - CLOSING BALANCE	332.51	59.25
Closing cash and cash equivalents include :-		
Cash in hand	2.99	1.90
Balance with banks	329.52	57.15
Remittance in Transit	-	0.20
Total	<u>332.51</u>	<u>59.25</u>

Note :- Figures in respect of the previous year have been regrouped, wherever necessary.

As per our Report attached

L.N. GOCULDAS
Chairman

D.P. GOCULDAS
Chief Executive Officer

D. N. VAZE
Chief Finance Officer

FOR K.S.AIYAR & CO.
Chartered Accountants

H. T. KAPADIA
DIRECTOR

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Secretary

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 31st August, 2010

Mumbai. 31st August, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional Information as required under Part IV of schedule VI of the Companies Act, 1956

I REGISTRATION DETAILS:		<u>Application of Funds:</u>	
Registration No.	00564	Net Fixed Assets	513326
State Code	11	Investments	163
Balance Sheet Date	30-06-2010	Deferred Tax Assets	265415
		Current Assets	375160
II CAPITAL RAISED DURING THE YEAR	(Amount in Rs.Thousands)	Misc. Expenditure (not written off)	7097
Public Issue	Nil	Accumulated Losses	887789
Rights Issue	Nil		
Bonus Issue	Nil	IV PERFORMANCE OF THE COMPANY	(Amount in Rs.Thousands)
Private Placement	Nil	Turnover(Gross Revenue)	661303
		Total Expenditure(including Excise Duty & VAT)	979908
III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	(Amount in Rs.Thousands)	Profit/(Loss) Before Taxation	(318605)
Total Liabilities	2048950	Current Tax Expenses	2
Total Assets	2048950	Profit/(Loss) After Taxation	(318607)
		Earning Per Share - Rs.	(15.37)
<u>Sources of Funds:</u>			
Paid-up Capital	300578	V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY	
Reserves and surplus	16588	Item Code No.(ITC Code)	310310.00
Secured Loans	460698	Product Description	Single Super Phosphate
Unsecured Loans	281377	Item Code No.(ITC Code)	280700.01
Current Liabilities	989709	Product Description	Sulphuric Acid
		Item Code No.(ITC Code)	280620.00
		Product Description	Chlorosulphonic Acid



The Last Ten Years - The DMCC LTD.

(Rs. in lacs)

Particulars	Apr.09-June10	Oct.07-Mar09	Apr.06-Sep.07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000
Equity Share Capital	2125.78	** 2125.78	* 2084.24	2029.03	2029.03	2029.03	2029.03	2029.03+	1352.69	1352.69
Preference Share Capital	880.00	*** 880.00	600.00	600.00	600.00	600.00	1000.00	1000.00	1000.00	1000.00
Reserves & Surplus	165.88	165.88	127.42	67.07	67.07	1452.32	3847.12	3955.83	6081.53	6138.04
Sales	6584.40	17677.35	28125.53	18415.98	16698.20	19210.15	23994.71	21034.24	26160.99	27727.63
Profit/(Loss) before Depreciation/Amortisation and Taxation	(2387.21)	(2054.27)	(2486.15)	(23.38)	(512.43)	(726.60)	921.45	(224.41)	975.54	1376.83
Depreciation	766.58	1078.04	1205.30	764.51	@ 441.97	872.23	874.75	623.24	785.53	738.11
Amortisation of Lenders' Sacrifice	32.26	80.95	54.83	28.89	-	-	-	-	-	-
Profit/(Loss) before Exceptional item & Taxation	(3186.05)	(3213.26)	(3746.28)	(816.78)	(954.40)	(1598.83)	46.70	(847.65)	190.01	638.72
Exceptional item - waiver of dues by Bank	-	-	139.31	-	-	-	-	-	-	-
Profit/(Loss) after Exceptional item & before Taxation	(3186.05)	(3213.26)	(3606.97)	(816.78)	(954.40)	(1598.83)	46.70	(847.65)	190.01	638.72
(INCREASE)/DECREASE IN DEFERRED TAX LIABILITY	-	-	-	-	43.97	1025.66	(0.13)	1024.45	-	-
Deferred Tax Asset	-	505.98	2148.17	-	-	-	-	-	-	-
Profit/(Loss) after exceptional Item & after considering Deferred Tax Asset / Liability	(3186.05)	(2707.28)	(1458.80)	(816.78)	(910.43)	(573.17)	46.57	176.80	190.01	638.72
Provision for Current Year's Taxation	0.02	18.04	25.05	20.70	0.50	1.00	5.68	2.00	31.00	78.00
Profit/(Loss) after Taxation	(3186.07)	(2725.32)	(1483.85)	(837.48)	(910.93)	(574.17)	40.89	174.80	159.01	560.72
Surplus brought forward From Previous Year	(5691.82)	(2966.50)	(1482.65)	(645.17)	24.06	112.40	186.51	593.98	799.99	442.61
Transferred from Investement Allowance Reserve	-	-	-	-	-	-	-	53.46	54.50	58.61
Debenture Redemption Reserve	-	-	-	-	-	-	-	-	204.00	483.22
Preference Shares Redemption Reserve	-	-	-	-	-	-	-	666.00	-	-
General Reserve	-	-	-	-	241.70	500.00	-	-	-	-
Available for appropriation	-	-	-	-	-	38.23	227.40	1488.24	1217.50	1545.16
Equity Dividend	-	-	-	-	-	-	-	-	67.63	202.90
Employees' Remuneration and Benefits	1713.64	1744.88	2312.84	1320.96	1369.77	1550.19	1619.48	1543.44	1945.89	2091.26
Equity Dividend %	-	-	-	-	-	-	-	-	5.00	15.00

* Equity Share Capital increased by Rs.55.21 lacs on account of 5,52,141 Equity Shares of Rs. 10/- each, issued to various secured lenders.

** Equity Share Capital increased by Rs.41.54 lacs on account of 4,15,369 Equity Shares of Rs. 10/- each, issued to a secured lender.

*** Preference Share Capital increased by Rs.280.00 lacs on account of 2,80,000, 2.50% Redeemable Cumulative Non-Convertible Preference of Rs. 100/- each, issued to a secured lender.

+ Increase of Rs. 676.34 lacs on account of allotment of 67,63,437 Equity Shares of Rs. 10/- each on rights issue.

@ Depreciation for the year 2004-2005 of Rs. 441.97 lacs is net of Depreciation Written Back Rs. 375.72 lacs.



THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

(Regd. Office : Prospect Chambers, 317/21, Dr. Dadabhoy Naoroji Road, Fort, Mumbai - 400 001)

PROXY FORM

DP Id*	
--------	--

Reg. Folio No.#	
-----------------	--

Client Id*	
------------	--

No. of Shares held: _____

I/We

being a member / members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED hereby appoint

.....of..... or failing him

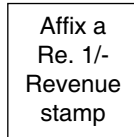
.....of..... or failing him

.....of..... as my/our proxy

to vote for me / us on my / our behalf at the 89th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 8th day of December, 2010 at 12.00 a.m. and at any adjournment thereof.

Signed this day of 2010

Signature of member



* Applicable for investors holding shares in electronic form

Applicable for investors holding shares in physical form

Note: The proxy must be lodged at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

CUT HERE

THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

(Regd. Office : Prospect Chambers, 317/21, Dr. Dadabhoy Naoroji Road, Fort, Mumbai - 400 001)

ATTENDANCE SLIP

DP Id*	
--------	--

Reg. Folio No.#	
-----------------	--

Client Id*	
------------	--

No. of Shares held: _____

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

I hereby record my presence at the 89th ANNUAL GENERAL MEETING held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Wednesday, the 8th day of December, 2010 at 12.00 a.m.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS)

SIGNATURE OF THE SHAREHOLDER OR PROXY

* Applicable for investors holding shares in electronic form

Applicable for investors holding shares in physical form

BOOK-POST
(Under Certificate of Posting)

If not delivered, please return to:

THE DHARAMSI MORARJI CHEMICAL CO. LTD.

Registered Office:

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