



**THE DHARAMSI MORARJI
CHEMICAL COMPANY LTD.**

**91st
Annual Report
2011 - 2012**



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Directors

Shri Laxmikumar Narottam Goculdas	Chairman
Shri Haridas Tricumdas Kapadia	
Shri Madhu Thakorlal Ankleshwaria	
Shri Arvind Wasudeo Ketkar	
Shri Shantilal Tejshi Shah	
Ms Mitika Laxmikumar Goculdas	(from 04-11-2011)

Key Management Personnel

Shri Bimal Lalitsingh Goculdas	Chief Executive Officer
Shri Dilipkumar Nilkanth Vaze	Chief Finance Officer (upto 09-08-2012)
Shri Dilip Trimbak Gokhale	Vice President (Legal / Corporate Affairs) & Company Secretary

Auditors

K.S.Aiyar & Co.
Chartered Accountants

Legal Advisers

Bhaishanker Kanga & Girdharlal

Bankers

The Federal Bank Ltd.

Registered Office

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

Factories

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

NOTICE TO MEMBERS

The Ninety First Annual General Meeting of the Members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Tuesday, the 25th day of September, 2012 at 11.30 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2012.
2. To appoint a Director in place of Shri Arvind W. Ketkar, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shantilal T. Shah, who retires by rotation under Article 135 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Messrs. K.S. Aiyar & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold Office from the conclusion of the 91st Annual General Meeting until the conclusion of the 92nd 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."
5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT Ms. Mitika Laxmikumar Goculdas, 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. 4th November, 2011 and who holds office upto the date of this Annual General Meeting and being eligible offers herself 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 her 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."
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT subject to the provisions of Section 269 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of Shri Bimal Lalitsingh Goculdas as the "Chief Executive Officer" and "Manager" of the Company within the meaning of the Companies Act, 1956, for a period of three years from 1st April, 2012, on the following remuneration :

Salary: Rs.1,00,000/- per month.

Commission: 1/2% of the net profits of the Company plus further 1/2% as may be decided by the Board of Directors but total amount not exceeding 100% of annual salary.

Perquisites:

In addition to the above, the "Chief Executive Officer" shall be entitled to the following perquisites, monetary value of which shall not exceed the annual salary.

CATEGORY "A"

- (i) (a) House rent allowance of Rs. 29,000/- per month.
(b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediciclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
- (iii) A personal accident insurance policy for his own benefit at the cost of the Company, the premium of which shall not exceed Rs.4,000/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

CATEGORY "B"

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

Such contributions shall not be included in computation of ceiling on perquisites.

CATEGORY "C"

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Chief Executive Officer.



- (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Chief Executive Officer.

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

The Chief Executive Officer shall further be entitled to :

Leave with salary, allowances and other benefits as per leave rules of the Company and the leave accumulated but not availed may be encashed as per Rules of the Company.

The monetary value of the perquisites will be evaluated as per the Income-tax Rules and be subject to such ceiling as may be prescribed by the Central Government.

In the event of loss or inadequacy of profits in any year, the remuneration and perquisites will be paid in accordance with the Schedule XIII to the Companies Act, 1956 as amended from time to time.

The above re- appointment , salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956 and subject to the consent of the shareholders of the Company."

" RESOLVED FURTHER THAT Shri D.T.Gokhale, Company Secretary, be and is hereby authorised to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this Resolution."

NOTES :

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business as set out in 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 Tuesday, the 18th September, 2012 to Tuesday, 25th September, 2012 (both days inclusive).
5. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office during office hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays upto the date of the Annual General Meeting.
6. Members are requested to notify changes of address, if any, to the Company.
7. NRI shareholders are requested to immediately inform (a) change in their residential status on return to India for permanent settlement and (b) particulars of NRE Account, if not furnished earlier.
8. If members have more than one folio with the Company in identical order of names, the fact should be intimated to the Company for consolidation into one folio. If further shares are bought by the members, folio number(s) should be mentioned in the forwarding letters to avoid creation of multiple folios.

Statement as required by Section 173 of the Companies Act, 1956 and Article 89 (2) of the Articles of Association of the Company.

The following statement, as required by Section 173 of the Companies Act, 1956, and Article 89(2) of the Articles of Association of the Company, sets out all material facts concerning item No. 5 and 6 mentioned in the Notice dated 08th August, 2012.

Item No. 5

The Board of Directors of the Company at its meeting held on 04th November, 2011, has appointed Ms. Mitika Laxmikumar Goculdas as an additional Director on the Board of Directors of the Company. Ms. Mitika Laxmikumar Goculdas, is MBA (Finance) from Pennsylvania State University, USA. She has total work experience of 16 years including her stint as Vice President with Merrill Lynch both at USA and Dubai. She has experience in finance, industry and international trade.

As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Ms. Mitika Laxmikumar Goculdas will hold office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Ms. Mitika Laxmikumar Goculdas for the 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 Laxmikumar Narottam Goculdas (who is the father of Ms. Mitika Laxmikumar Goculdas) and Ms. Mitika Laxmikumar Goculdas are in anyway concerned or interested in the aforesaid appointment.

Item No. 6

The term of appointment of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer and ' Manager ' of the Company within in the meaning of the Companies Act, 1956 came to end on 31st March, 2012. The Board of Directors of the Company at its Board Meeting held on 2nd April, 2012 has re-appointed Shri Bimal Lalitsingh Goculdas, subject to the approval of the shareholders at the ensuing Annual General Meeting as " Chief Executive Officer " and ' Manager ' of the Company within in the meaning of the Companies Act, 1956, for a period of three years with effect from 1st April, 2012, on the terms and conditions mentioned in the Resolution as Item No. 6.

Shri Bimal Lalitsingh Goculdas has also been appointed as the " Managing Director " of The Borax Morarji Limited for a period of three years with effect form 01.04.2012. As mutually agreed between Shri Bimal Lalitsingh Goculdas and The Borax Morarji Limited, he shall presently be not eligible

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to receive any remuneration from The Borax Morarji Limited for the above period of appointment. However, this arrangement will be reviewed by the Board and Shareholders of The Borax Morarji Limited in course of time.

The remuneration and terms and conditions of appointment of Shri Shri Bimal Lalitsingh Goculdas, Chief Executive Officer and ' Manager ' of the Company within in the meaning of the Companies Act, 1956 are as given in the Ordinary Resolution at item no.6 of the Notice of the Meeting as hereinabove and were also circulated to the shareholders on 7th April, 2012 being Disclosure under Section 302 of the Companies Act, 1956.

The Directors recommend the Resolution for adoption by the Members.

None of the Directors of the Company, except Shri Laxmikumar Narottam Goculdas and Ms. Mitika Laxmikumar Goculdas who are relatives of Shri Bimal Lalitsingh Goculdas are in any way, concerned or interested in the aforesaid appointment and payment of remuneration to Shri Bimal Lalitsingh Goculdas .

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 8th August, 2012.

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 Arvind W. Ketkar	Shri Shantilal T. Shah	Ms.Mitika Laxmikumar Goculdas
Date of Birth	14-05-1940	28-12-1938	11-08-1972
Date of Appointment	22-01-2010	27-07-2010	04-11-2011
Qualifications/Expertise in specific functional areas	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.	MBA (Finance) from Pennsylvania State University, USA.
List of Public Companies in which outside Directorship held as on 8 th August, 2012.	None	Aarti Industries Limited Aarti Corporate Services Limited Aarti Ventures Limited	Borax Morarji Limited
Chairman/Member of the Committee of the other Public Companies on which he/she is a Director as on 8 th August, 2012.	None	None	None
Shareholding	324	Nil	Nil



DIRECTORS' REPORT (Including Management Discussion and Analysis Report)

The Directors are pleased to present their Ninety First Annual Report, together with the accounts of the Company for the financial year ended 31st March, 2012. (Twelve months)

FINANCIAL RESULTS

	Financial Year ended 31st March, 2012 (12 Months) Rs. in lacs	Financial Year ended 31st March, 2011 (9 Months) Rs. in lacs
Sales Turnover (Net of Excise Duty)	8132.75	4295.80
Gross Profit / (Loss)	87.73	7.17
Less : Depreciation & Lenders' sacrifice Amortisation	486.06	486.70
Profit/(Loss) before Taxation	(398.33)	(479.53)
Less: Provision for Taxation	----	----
Profit/(Loss) after Taxation	(398.33)	(479.53)
Add: Balance brought forward	(5828.78)	(5349.25)
Balance carried forward	(6227.11)	(5828.78)
The following is the Sales Turnover(Net of Excise Duty)		
by group of products:		
Single Superphosphate	----	4.50
Commodity Chemicals	4138.99	2063.83
Specialty Chemicals	3176.95	1802.12
Others	816.81	425.35
Total	8132.75	4295.80

The financial statements for the previous financial year were prepared for a period of nine months commencing from 1st July, 2010 and ending on 31st March, 2011. Therefore, the Sales Turnover for the Financial Year ended 31st March, 2012 is not comparable with the Sales Turnover for the previous Financial Year ended 31st March, 2011 (9 months).

In view of the loss during the year under review, your Directors have not recommended any Dividend on Cumulative Preference Shares and Equity Shares of the Company, for the financial year ended 31st March, 2012.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

(a) Overview of operations

- The Company's fertiliser business viz. Single Superphosphate (SSP) continued to be adversely affected, inter alia, due to strained liquidity and shortage of Working Capital. This has forced your Company to discontinue the production of SSP. Consequently the turnover in respect of SSP fertilizers during the current financial year ended 31st March, 2012 was nil.
- The turnover of Commodity Chemicals during the current Financial Year ended 31st March, 2012 was Rs. 41.39 crores. The turnover of Specialty Chemicals during the current Financial Year ended 31st March, 2012 was Rs. 31.77 crores. The total turn over of the Chemical business was 81.33 crores including the sales turn over of certain other Specialty chemicals.

(b) Prospects in the Industry :

Fertilisers and Chemicals

The Company's Fertilisers and Chemical businesses continued to be adversely affected by severe working capital constraints experienced by the Company.

The Company continues to manufacture SSP at its Khemli, Udaipur Unit, on conversion basis. The Company is also exploring options to manufacture and market SSP under its own " SHIP " Brand, on participation basis.

The Company expects to increase the capacity utilization of its Chemical Plants at Roha, after completing Corporate Financial Restructuring, which is expected to improve the working capital finances of the Company. In spite of these adverse factors, the Management of the Company has successfully installed and commissioned plant to manufacture Benzene Sulfonyl Chloride with a capacity of 500 M.T. per month. In addition the Research and Development (R&D) Team of your Company at Roha is in the process of developing new Specialty Chemicals and new varieties of existing Specialty Chemicals with high margins. The R & D Team of your Company continues its efforts for improvement in processes to achieve cost reduction in the existing products of the Company.

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Cautionary Statement

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

CORPORATE FINANCIAL RESTRUCTURING

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

ADEQUACY OF INTERNAL CONTROLS

Your Company has clearly laid down policies, guidelines and procedures which form part of its internal control system. The Audit Committee of the Board periodically reviews reports of Internal Auditors, inter alia, on adherence by the operating Management of such policies and procedures and suggests changes/modifications and improvements on a continuous basis. The Company has 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 undertakes periodic comprehensive reviews of its HR policies and amends the same suitably from time to time, to meet the emerging business requirements.

DIRECTORS/KEY MANAGEMENT PERSONNEL

The Board regrets to inform the Shareholders about the sad and sudden demise of Shri D.N. Vaze, Chief Finance Officer of the Company, on 9th August 2012. He has been associated with the Company for the last many years in various capacities. He has been guiding force to the Management and staff of the Company. The Directors, the Management and the Employees of the Company are deeply grieved at the sad and sudden demise of Shri D.N. Vaze. The Board recognises and place on record their appreciation for his deep sense of commitment, loyalty towards the Company and the valuable contribution made by him in the Management of the Company, especially during the financial crisis which the Company had undergone.

Shri Arvind W. Ketkar and Shri Shantilal T. Shah, Directors, are retiring by rotation under Article 135 of the Articles of Association of the Company and being eligible, offer themselves for re- appointment.

The Board of Directors of the Company at its meeting held on 4th November, 2011, has appointed Ms. Mitika Laxmikumar Goculdas, as an additional Director on the Board of Directors of the Company. Ms. Mitika Laxmikumar Goculdas, is MBA (Finance) from Pennsylvania State University, USA. She has total work experience of 16 years including her stint as Vice President with Merrill Lynch both at USA and Dubai. She has experience in Finance, Industry and International Trade. As per provisions of Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company, Ms. Mitika Laxmikumar Goculdas, will hold office of Director upto the date of ensuing Annual General Meeting. Appointment of Ms. Mitika Laxmikumar Goculdas, 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 Ms. Mitika Laxmikumar Goculdas, as Director of the Company.

Subject to the approval of the Shareholders, the Board of Directors of the Company at its meeting held on 2nd April, 2012 has re- appointed Shri Bimal Lalitsingh Goculdas (who is also a Managing Director of Borax Morarji Limited) as Chief Executive Officer and "Manager" of the Company within the meaning of the Companies Act, 1956 for a period of 3 years with effect from 1st April, 2012.

AUDITORS' OBSERVATIONS

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

As regards the Auditors' observation regarding Trade Receivables that could not be classified as outstanding for a period of more than six months from the due date instead of invoice date as required by the revised Schedule VI to the Companies Act, 1956, the Management is of the view that the revised classification does not have any material impact on the financial statements except for the Presentation and Disclosure of the same. However the necessary modification in the existing computer programme is being carried out and the same will be completed in due course of time during the current financial year 2012-2013.

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 financial year ended 31st March, 2012 there was no employee within the purview of Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



PUBLIC DEPOSITS

Out of deposits which matured during the financial year ended 31st March, 2012, 151 deposits aggregating to Rs.18,26,000/- remained unclaimed as on 31st March, 2012, of which Nil deposit amounting to Rs. Nil 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

ACKNOWLEDGMENTS

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

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

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

For and on behalf of the Board

LAXMIKUMAR NAROTTAM GOCULDAS
Chairman

Registered Office :

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

Date : 08th August, 2012.

**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, 2011 to March, 2012 (12 months)	July, 2010 to March,2011 (9 months)
1. Electricity Purchased			
	Unit (Lac KWH)	50.81	35.33
	Total Amount (Rs. lacs)	361.46	209.20
	Rate/Unit (Rs./KWH)	7.11	5.92
2. Furnace Oil			
	Quantity (K.Litre)	126.20	38.23
	Total amount (Rs Lacs)	46.22	9.34
	Average Rate (Rs/KL)	36624	24440
CONSUMPTION PER TONNE OF MAJOR PRODUCTS			
Electricity (Unit-KWH)			
1.	Single Superphospate	26	31
2.	Sulphuric Acid 100%	57	59

FORM B

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT (R&D)

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

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

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

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

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

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

3. Future plan of action :

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

4. Expenditure on R&D :

Rs. lacs

		April, 2011 to March, 2012 (12 months)	July, 2010 to March,2011 (9 months)
(i)	Capital	0.00	0.00
(ii)	Recurring	12.12	11.86
(iii)	Total	12.12	11.86
(iv)	Total R&D expenditure as a percentage of gross turnover	0.14%	0.25%



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, 2011 to March, 2012 (12months)	July, 2010 to March, 2011 (9 months)
EARNINGS IN FOREIGN EXCHANGE :		
Export of goods calculated on FOB basis	1891.54	917.45
Turnkey Project Sales	0.00	12.12
Total Foreign Exchange earned	1891.54	929.57
OUTGO IN FOREIGN EXCHANGE:		
(1) VALUE OF IMPORTS CALCULATED ON CIF BASIS :		
Raw Materials and bought outs	0.00	79.24
(2) EXPENDITURE IN FOREIGN CURRENCY		
ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC.	16.14	25.98
Total Foreign Exchange outgo	16.14	105.22

For and on behalf of the Board

LAXMIKUMAR NAROTTAM GOCULDAS
Chairman

Registered Office:

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

Date: 08th August, 2012.

REPORT ON CORPORATE GOVERNANCE 2011-2012

1. Company’s philosophy on Code of Governance

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

2. Board of Directors

Composition & Size of the Board

Your Board comprises of an optimal complement of independent professionals having in-depth knowledge of the business and the industry. The size and composition of the Board conforms with the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchange, Mumbai. The Board is headed by the Non Executive Chairman, Shri Laxmikumar Narottam Goculdas. As on 31st March, 2012, the Board comprised of 6 Directors, all of whom were Non-Executive Directors. The Non-Executive Directors are eminent industrialists and professionals with experience in over-all management and finance, who bring a wide range of skills and experience to the Board. Out of these 6 Non - Executive Directors, 4 were Independent Directors, thereby complying with the requirement of having at least two third Independent Directors. None of the Directors has materially significant pecuniary or business relationship with the Company.

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

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

Six Board Meetings were held during the financial year ended 31st March, 2012. The dates on which the said meetings were held are as follows: 11th April, 2011, 30th May, 2011, 25th July, 2011, 06th September, 2011, 04th November, 2011, and 10th February, 2012.

Attendance of each Director at the Board Meetings held during the financial year ended 31st March, 2012 & last Annual General Meeting and No. of other Directorships / Memberships of the Committee :

Sr. No.	Name of Directors	Category of Directorship (designation as on 31.03.2012)	No. of Board Meetings attended (out of 6 Meetings held)	Attendance at last AGM	No. of other directorships as on 31.03.2012@	No. of Board Committees of other companies in which Chairman, as on 31.03.2012	No. of Board Committees of other companies in which Member, as on 31.03.2012
1	Shri Laxmikumar Narottam Goculdas	Chairman	6	Yes	1	1	2
2	Shri H.T.Kapadia	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
3	Shri M.T.Ankleshwaria	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
4	Shri A.W.Ketkar	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
5	Shri S.T.Shah	Non-Executive, Independent	5	Yes	4	Nil	3
6	Ms Mitika Laxmikumar Goculdas	Non-Executive, Promoter Group	2@@	No	1	Nil	Nil

@ Excludes foreign Companies, Private Companies and Alternate Directorships.

@@ Attended both the meetings from the date of her appointment as Director.

Details of Directors being appointed and re-appointed at the ensuing Annual General Meeting to be held on 25th September, 2012.

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

Accordingly, Shri Arvind W. Ketkar and Shri. Shantilal T. Shah retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

Shri Arvind W. Ketkar

Shri Arvind W. Ketkar, Director of the Company has in-depth knowledge in Finance and Accounting and has been in practice as a Chartered Accountant for over 39 years.

Shri. Shantilal T. Shah

Shri. Shantilal T. Shah has vast experience in Marketing, Finance and Administration in Chemical Industry.



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 financial year ended 31st March, 2012.

Four meetings of the Audit Committee were held during the financial year ended 31st March, 2012 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 H. T. Kapadia	Shri Laxmikumar Narottam Goculdas	Shri M.T. Ankleshwaria
30.05.2011	Yes	Yes	Yes
25.07.2011	Yes	Yes	Yes
04.11.2011	Yes	Yes	Yes
10.02.2012	Yes	Yes	Yes

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 financial year ended 31st March, 2012 are as below :

(Amount in Rs.)

Sr. No.	Name of Directors	Relationship with other Directors	Sitting Fees for Board & Committee Meetings	Total Remuneration	No. of equity shares held as on 31.03.2012
1	Shri Laxmikumar Narottam Goculdas	Yes@	50000	50000	7878914
2	Shri H. T. Kapadia	None	50000	50000	11448
3	Shri M. T. Ankleshwaria	None	50000	50000	Nil
4	Shri A. W. Ketkar	None	30000	30000	324
5	Shri S. T. Shah	None	25000	25000	Nil
6	Ms Mitika Laxmikumar Goculdas	Yes@@	10000	10000	Nil
		Total	215000	215000	

@ Father of Ms Mitika Laxmikumar Goculdas

@@ Daughter of Shri Laxmikumar Narottam Goculdas

Details of remuneration paid/payable to Chief Executive Officer and "Manager" during the financial year ended 31st March, 2012 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.)

Name & Designation	Salary	Contribution to PF & Superannuation Fund	Perquisites	Total
Shri Bimal Lalitsingh Goculdas, Chief Executive Officer	1200000	156000	505210	1861210

Details of Terms of Contracts of Chief Executive Officer and "Manager"

The term of contract of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer, is from 01-04-2009 to 31-03-2012. No severance fees or stock option are available to him.

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 Officer is paid remuneration as per the Agreements entered into between him and the Company. The remuneration structure of the Chief Executive Officer comprises of Salary, H.R.A., Commission, Perquisites, Contributions to Provident Fund & Superannuation and Gratuity.

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5. Shareholder/Investor Grievance Committee

Details of the Directors and Compliance Officer

The Shareholder/Investor Grievance Committee comprises of Shri Laxmikumar Narottam 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, if any, 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 financial year 2011-2012, 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 :

- 90th Annual General Meeting was held on 06.09.2011 at 11.45 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - No Special Resolution was passed at the meeting.
- 89th Annual General Meeting was held on 8.12.2010 at 12.00 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - No Special Resolution was passed at the meeting.
- 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.

During the year 2011-2012, no Resolution was put through Postal Ballot.

During the year 2010-2011, one Resolution was put through Postal Ballot, the particulars of which are given below:

Ordinary Resolution under Section 293(1)(a) read with Section 192A of the Companies Act, 1956, for sale /transfer/disposal of its Land, Factory Building and Plant and Machinery at Ambernath, District, Thane in the State of Maharashtra.

Date of result declaration :21st September, 2010

The results of the voting conducted through Postal Ballot are as under:

Number of valid Postal Ballot forms received	51
Votes in favour of the Resolution	10800486
Votes against the Resolution	1600
Number of invalid Postal Ballot forms received	2
Percentage of votes cast in favour of the Resolution	99.99%

The Company had appointed Shri. A. D. Gupte, practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. Accordingly, the Postal Ballot was conducted by him and his report was submitted to the Chairman who arranged to publish the same in the newspapers, as required.

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.

- At every Board Meeting, the Register of Contracts maintained Under Section 301 of the Companies Act, 1956 is tabled and signed by the directors.
- 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.
- 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.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.
- Related Party Transactions - There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The Register of Contracts for the transactions in which Directors are interested is placed before the Board regularly for its approval. Transactions with related parties as per Accounting Standard Number AS 18 are disclosed in note number X (10) of the notes forming part of Accounts.
- The Company has adopted Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.



8. CEO/CFO Certification

The Chief Executive Officer and The Chief Finance Officer of the Company have furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements for the financial year ended 31st March, 2012 and adequacy of internal controls as required under Clause 49 of the Listing Agreement.

9. Means of Communications

- Quarterly Financial Results of the Company are forwarded to the Stock Exchange, Mumbai and published in "Free Press Journal" and "Navshakti" newspapers.
- 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.
- 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

91st Annual General Meeting

Date : Tuesday, 25th September, 2012

Time : 11:30 a.m.

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

Financial Calendar for the year 2012-2013 (Provisional) :

- Results for the first quarter ending 30th June, 2012 By 14th August, 2012
- Results for the second quarter ending 30th September, 2012 By 14th November, 2012
- Results for the third quarter ending 31st December, 2012 By 14th February, 2013
- Results for the year ending 31st March, 2013 (Audited) By end of May, 2013
- Annual General Meeting for the year ending March, 2013 In September, 2013

Date of Book Closure : 18th September, 2012 to 25th September, 2012 (both days inclusive).

Stock Exchange : The Equity Shares of Company are listed on the Stock Exchange, Mumbai and the listing fee for the period 2012-2013 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 financial year on the Stock Exchange, Mumbai and the BSE monthly high and low Indices were as follows :

Month	High (Rs.)	Shares Price		BSE Indices	
		Low (Rs.)	High (Rs.)	Low (Rs.)	
April, 2011	13.00	10.00	19811.14	18976.19	
May, 2011	14.99	11.61	19253.87	17786.13	
June, 2011	15.80	12.06	18873.39	17314.38	
July, 2011	14.14	12.52	19131.70	18131.86	
August, 2011	13.85	10.00	18440.07	15765.53	
September, 2011	11.95	10.00	17211.80	15801.01	
October, 2011	11.30	10.15	17908.13	15745.43	
November, 2011	12.45	8.99	17702.26	15478.69	
December, 2011	10.24	6.65	17003.71	15135.86	
January, 2012	10.25	6.90	17258.97	15358.02	
February, 2012	10.10	8.26	18523.78	17061.55	
March, 2012	9.72	7.32	18040.69	16920.61	

* 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 : 022 - 2596 3838, Fax : 2594 6969
Email: rmt.helpdesk@linkintime.co.in

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Share Transfer System

Share Transfers are registered and duly transferred share certificates are dispatched 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 financial year ended 31st March, 2012 was 5012.

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 31st March, 2012:

Category	No. of shares held	% of Shareholding
Promoters	10161382	47.80
Mutual Funds and UTI	4304	0.02
Banks, Financial Institutions, Insurance Cos.	909723	4.28
Private Corporate Bodies and Trusts	1403085	6.60
Indian Public	8242931	38.78
NRIs/OCBs	427795	2.01
Clearing Members (in the depository)	108601	0.51
Total	21257821	100.00

Note: The total Foreign Shareholding as on 31st March, 2012 was 83,06,709 shares, which in, percentage terms was 39.08 % of the issued and subscribed capital, out of which 78,78,914 shares aggregating 37.06 % of the capital represent Promoters' Holding and hence are included in Promoters' category.

The Indian public shareholding includes Non-Executive Independent Director shareholding as under:

Shri. H.T. Kapadia 11,448

Shri A.W.Ketkar 324

Distribution of Shareholding as on 31st March, 2012.

No. of shares held	No. of Folios	% of age	Shares	% of age
Upto 500	12728	85.9187	1384347	6.5122
501 to 1000	946	6.3859	778942	3.6643
1001 to 2000	475	3.2064	739717	3.4797
2001 to 3000	194	1.3096	497222	2.3390
3001 to 4000	97	0.6548	349365	1.6435
4001 to 5000	95	0.6413	453000	2.1310
5001 to 10000	119	0.8033	873687	4.1100
10001 to 30000	106	0.7155	1885849	8.8713
30001 to 50000	18	0.1215	714987	3.3634
50001 to 100000	14	0.0945	991260	4.6630
100001 and above	22	0.1485	12589445	59.2226
TOTAL	14814	100.0000	21257821	100.0000

Dematerialisation of Shares and liquidity

As on 31st March, 2012, out of 2,12,57,821 Equity Shares of the Company 1,94,40,919 Equity Shares representing 91.45 % Equity shares, have been dematerialised by 6573 shareholders. The total number of shareholders of the Company are 14,814.

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.

Mumbai : 8th August, 2012.



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 period ended on March 31, 2012, 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 : 8th August, 2012.

AUDITORS' REPORT

The Members of

The Dharamsi Morarji Chemical Company Limited

Report on the Accounts for the year ended March 31st, 2012, 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 March 31, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2012 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.X(11), 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) Attention is invited to Note No.X(16), regarding Trade Receivables that could not be classified as outstanding for a period of more than six months from the due date instead of invoice date as required by the revised Schedule VI to the Companies Act, 1956. We were explained that the necessary modification in the existing computer program will be carried out in due course. This revised classification does not have any material impact on the financial statements except for the Presentation and Disclosure of the same.
 - (viii) *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 periods, further net deferred tax asset has not been recognized in view of management's perceptions and reason detailed in Note No.V(c). We are not in a position to opine on the 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' notified pursuant to Companies (Accounting Standards) Rules, 2006, could not be substantiated.*
Had the Company not recognized the said net deferred tax asset aggregating to Rs.2654.15 Lacs, the Accumulated Losses as at the end of the year would have been higher by Rs.2654.15 Lacs.
 - (ix) *Had the impact of matter stated at (viii) been considered, accumulated losses as at 31st March, 2012 of Rs.9755.75 Lacs would have been Rs.12409.90 Lacs.*
 - (x) *Subject to Clause No.(viii) and (ix) 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 March 31, 2012;
 - b. in the case of the Statement of Profit and Loss of the Loss for the year ended on that date; and
 - c. in the case of the Cash Flow Statement of the cash flow for the year ended on that date.

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

RAGHUVIR M. AIYAR
Partner
Membership No. 38128

Mumbai, 30th May, 2012



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the Accounts for the year ended March 31, 2012, 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 has been physically verified by the management during the year 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 year 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 year 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. 1715.43 Lacs from a director/s of the Company and inter-corporate deposits of Rs.716.80 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 terms of the principal amounts are not decided.
- (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 or 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, 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 March 31, 2012 for a period of more than six months from the date they became payable.

Nature of Dues	Period to which 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

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Nature of Dues	Period to which Amount relates	Due Dates	Amount (Rs. In Lacs)
Professional Tax	2006-07	Various	11.18
	2007-08	Various	9.75
	2008-09	Various	0.20
	2009-10	Various	0.05
	2010-11	Various	0.50
	2011-12	Various	1.20
		Total	
VAT and CST		Various	3.36
PF, FPF, EDLI, Admin. Charges, ESIC etc		Various	12.75
Tax deducted at source on:			
Salary	2011-12	Various	2.55
Contractors	2011-12	Various	2.54
Prof. Fees	2011-12	Various	1.39
TDS on WCT	2011-12	Various	0.15
TCS	2010-11	Various	0.06
	2011-12	Various	0.02
		Total	6.71
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	17.31
Sales Tax Loans			161.10

- (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 relate	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	July 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
	Tax/Interest/Penalty	Appellate Tribunal	1993-94	4.20
			Total	11.11
Entry Tax	Tax/Interest	High Court		4.47

- (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 year and it has not incurred any cash loss during the current financial year and in the immediately preceding financial year.
- (xi) Company has defaulted in repayment of Sales Tax Loans of Rs.161.10 Lacs. Pending receipt of revised schedule the same has been considered as 'Other Payables' in 'Current Liabilities' (Also referred to in ix(a) above).
- (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 loan taken from a Bank has been utilized for the purpose for which it is taken.
- (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.2396.16 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 year.
- (xx) The Company has not raised money by public issue during the year.
- (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

Mumbai, 30th May, 2012

BALANCE SHEET

AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31-03-2012 Rs. In lacs	As at 31-03-2011 Rs. In lacs
Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	I	3005.78	3005.78
(b) Reserves and Surplus	II	(6227.11)	(5828.78)
(2) Non Current Liabilities	III		
(a) Long Term Borrowings		2752.47	3019.19
(b) Other Long Term Liabilities		5410.45	5410.45
(c) Long Term Provisions		248.23	244.73
(3) Current Liabilities	IV		
(a) Trade Payables		4104.34	3603.44
(b) Other Current Liabilities		1523.09	1553.11
(c) Short Term Provisions		107.50	69.98
TOTAL		10924.75	11077.90
Assets			
(1) Non Current Assets			
(a) Fixed Assets	V		
(i) Tangible assets		4582.02	4844.35
(ii) Capital Work in Progress		21.28	1.14
(b) Non Current Investments		1.62	1.62
(c) Deferred Tax Assets (Net)		2654.15	2654.15
(d) Long Term Loans and Advances		326.91	343.17
(e) Other Non-Current Assets		0.00	0.00
(2) Current Assets	VI		
(a) Inventories		639.72	750.22
(b) Trade Receivables		2053.23	1970.40
(c) Cash and Bank Balances		129.16	195.08
(d) Other Current Assets		516.66	317.77
TOTAL		10924.75	11077.90
Significant Accounting Policies and other Explanatory Information	X		0.00

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

H. T. KAPADIA
Director

D. N. VAZE
Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012



STATEMENT OF PROFIT & LOSS

Particulars	Note No.	for the year ended on 31.03.2012 Rs.in Lacs		for the 9 months period ended on 31.03.2011 Rs.in Lacs	
Revenue from Operations					
From sale of Products - Own - Chemicals					
Commodity Chemicals		4527.95		2271.79	
Speciality Chemicals		3295.77		1882.36	
Other Chemicals		267.56		127.70	
From sale of Products - Own - SSP Fertiliser		0.00		4.50	
From sale of Products - Traded		303.44		135.88	
From processing charges (SSP - Fertiliser)		246.14		149.79	
Other Operating Revenue (Project)		0.00		12.12	
		<u>8640.86</u>		<u>4584.14</u>	
Less : Excise Duty		508.11	8132.75	288.34	4295.80
Other Income	VII		<u>124.14</u>		<u>59.44</u>
Total Revenue			8256.89		4355.24
Expenses					
Cost of materials consumed					
Sulphur		3705.70		1732.31	
Special Denatured Spirit		587.78		346.58	
Others		952.45		486.00	
Purchases of stock in trade		291.09		129.51	
Cost of packing materials consumed		127.00		76.04	
Decrease/(Increase) in inventories of finished goods, work in progress and Traded goods		<u>32.10</u>	5696.12	<u>(190.67)</u>	2579.77
Employee benefits expense	VIII		563.11		448.42
Other expenses	IX		<u>1667.96</u>		<u>1156.97</u>
Profit/(Loss) before Finance Costs, Depreciation and Tax			329.70		170.08
Finance Costs			<u>241.97</u>		<u>162.91</u>
Profit/(Loss) before Depreciation, Amortisation Expenses and Tax			87.73		7.17
Depreciation and Amortisation Expenses					
Depreciation		486.06		415.73	
Amortisation of Lenders' Sacrifice		<u>0.00</u>	486.06	<u>70.97</u>	<u>486.70</u>
Profit/(Loss) before Tax			(398.33)		(479.53)
Tax Expenses			<u>0.00</u>		<u>0.00</u>
Profit/(Loss) after Tax			(398.33)		(479.53)
Earning per share	X(9)		(2.17)		(2.48)
Significant Accounting Policies and other Explanatory Information	X				

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

H. T. KAPADIA
Director

D. N. VAZE
Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012

NOTES TO BALANCE SHEET

NOTE: I SHARE CAPITAL

	As at 31-03-2012		As at 31-03-2011	
	Numbers	Rs. In Lacs	Numbers	Rs. In Lacs
(a) Shares authorized				
Equity Shares of Rs.10/- each	30000000	3000.00	30000000	3000.00
Preference Shares of Rs.100/- each	1000000	1000.00	1000000	1000.00
	31000000	4000.00	31000000	4000.00
(b) Shares issued, subscribed				
Equity Shares of Rs.10/- each	21257821	2125.78	21257821	2125.78
Preference Shares of Rs.100/- each	880000	880.00	880000	880.00
	22137821	3005.78	22137821	3005.78
(c) Shares fully paid :				
Equity Shares of Rs.10/- each	21257821	2125.78	21257821	2125.78
Preference Shares of Rs.100/- each	880000	880.00	880000	880.00
	22137821	3005.78	22137821	3005.78
Total		3005.78		3005.78

(d) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period ;

Particulars

Equity Shares.

Shares outstanding at the beginning of the year

Shares outstanding at the end of the year

Preference Shares

Shares outstanding at the beginning of the year

Shares outstanding at the end of the year

	As at 31-03-2012		As at 31-03-2011	
	Numbers	Rs. In Lacs	Numbers	Rs. In Lacs
Equity Shares.				
Shares outstanding at the beginning of the year	21257821	2125.78	21257821	2125.78
Shares outstanding at the end of the year	21257821	2125.78	21257821	2125.78
Preference Shares				
Shares outstanding at the beginning of the year	880000	880.00	880000	880.00
Shares outstanding at the end of the year	880000	880.00	880000	880.00

Terms/Rights attached to Equity Shares:

The Company is having only one class of Equity shares having a nominal value of Rs.10/- per share.

Every holder of the equity share of the Company is entitled to one vote per share held.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution to the Equity shareholders will be in proportion of the number of shares held by each shareholder.

Terms/Rights attached to Preference Shares:

- (i) 600000, 8% Redeemable Cumulative non- convertible Preference Shares of Rs.100/- each aggregating to Rs.600 Lacs were to be redeemed in 5 Equal instalments of Rs.120 Lacs each commencing from 2008-09 to 2012-13. However, the Company has not redeemed these preference shares as per this redemption schedule in view of the carried forward losses.

The cumulative dividend on these Preference Shares aggregating to Rs.432 Lacs (Previous year Rs. 384 Lacs) is to be paid as and when declared by the Company.

- (ii) 280000, 2.5% Redeemable Cumulative non convertible Preference Shares of Rs.100/- each aggregating to Rs.600 Lacs are redeemable in 16 Equal quarterly instalments of Rs.17.50 Lacs each commencing from 1st April, 2012.

The cumulative dividend on these Preference Shares aggregating to Rs.29.81 Lacs (Previous year Rs. 22.81 Lacs) is to be paid as and when declared by the Company.

The holders of all Preference shares do not have any voting rights.

The holders of all Preference shares have a first right of cumulative dividend as compared to the shareholders of Equity shares in case the Company declares any dividend.

In the event of liquidation of the Company, all preference shareholders will have a priority over the Equity shareholders to receive remaining assets of the Company, after distribution of all other preferential amounts. The distribution to the Preference shareholders will be in proportion of the number of shares held by each shareholder.



NOTES TO BALANCE SHEET

(f) Equity Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Particulars	As at 31-03-2012		As at 31-03-2011	
	Numbers	Percentage	Numbers	Percentage
Shri Laxmikumar Narottam Goculdas (Executor to the Estate of Late Shri R.M.Goculdas)	3409833	16.04%	3572969	16.81%
Shri Laxmikumar Narottam Goculdas	4469081	21.02%	4469081	21.02%

NOTE: II RESERVES & SURPLUS

	As at 31-03-2012		As at 31-03-2011	
	Rs. In Lacs		Rs. In Lacs	
Capital Reserve	3363.24		0.48	
Add: Waived dues consequent to negotiated settlements with Secured/Unsecured Lenders.(*)	0.00		3362.76	
		3363.24		3363.24
Securities Premium		98.81		98.81
Other Reserves				
Subsidy from Government of Gujarat		25.00		25.00
Subsidy from Government of Maharashtra		20.00		20.00
Subsidy from Government of Rajasthan		15.00		15.00
Export Profit Reserve		1.80		1.80
Amalgamation Reserve		4.79		4.79
Surplus/(Deficit)				
Balance as per last accounts	(9357.42)		(8877.89)	
Add Loss of the current year transferred from Statement of Profit & Loss.	(398.33)		(479.53)	
Total Surplus/(Deficit)		(9755.75)		(9357.42)
Total		(6227.11)		(5828.78)

(*) Consequent to the negotiated settlements with the secured/unsecured lenders, an amount aggregating to Rs.3362.76 Lacs payable by the Company to these lenders has been waived by the said lenders. The Company has credited this amount of Rs. 3362.76 Lacs to 'Capital Reserve' during the period ended 31.03.2011, since it consists of principal amount of borrowings only (without any interest component). Those negotiated settlements do not involve any cash flows and hence are not included in the Cash Flow from "Financing Activities" as disclosed in the attached Cash Flow Statement for the period ended 31st March 2011.

NOTES TO BALANCE SHEET

NOTE: III NON CURRENT LIABILITIES

	As at 31-03-2012 Rs. In Lacs		As at 31-03-2011 Rs. In Lacs	
(a) Long Term Borrowings				
Term Loan from a Bank				
Repayable in 60 EMI's commencing from 31-01-2011. Rate of interest is 4.75% above the Base rate of the Bank, as fixed the Bank, from time to time. (Varying between 12.50 % p.a. to 15.50 % p.a. up to 31-03-2012) and 15 EMI's have been paid in time, up to 31st March, 2012 and 45 are remaining to be paid as on that date. Secured against mortgage of all the fixed assets of the Company, both present and future, situated at Roha and mortgage of office premises of the Company, situated at Mumbai. Out of total outstanding term loan as on 31st March, 2012 of Rs.406.96 Lacs, amount due in next twelve months is Rs.86.72 Lacs. Hence this amount of Rs.86.72 Lacs is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities' and the balance Term Loan of Rs.320.24 Lacs is shown above as Term Loan from a Bank. (See Note No. IV(b)). Out of total outstanding loan as on 31st March, 2011 of Rs. 482.02 Lacs, amount due in next twelve months was Rs. 75.06 Lacs. Hence this amount of Rs.75.06 Lacs is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities', and the balance Term Loan of Rs.406.96 Lacs is shown above as "Term Loan from a Bank". {(See Note No. IV(b))}	320.24		406.96	
Loans & Advances from related parties				
Inter Corporate Deposits from related parties	716.80		896.80	
Loans from a Director / estate of a late Director.	<u>1715.43</u>	2752.47	<u>1715.43</u>	3019.19
These inter corporate deposits and loans from a Director / estate of a late Director are unsecured, interest free and terms of repayment are not decided.				
(b) Other Long Term Liabilities				
Advance received from a Strategic Investor	5365.10		5365.10	
Secured against all the fixed assets of the Company, situated at Ambarnath factory of the Company.				
Advance received against sale of Land at Navlakhi	<u>45.35</u>	5410.45	<u>45.35</u>	5410.45
Secured against Land at Navlakhi.				
(c) Long Term Provisions:				
Provision for Employee Benefits		<u>248.23</u>		<u>244.73</u>
Total		<u><u>8411.15</u></u>		<u><u>8674.37</u></u>

NOTE: IV CURRENT LIABILITIES

	As at 31-03-2012 Rs. In Lacs		As at 31-03-2011 Rs. In Lacs	
(a) Trade Payable (*)		4104.34		3603.44
(b) Other Current Liabilities				
Current maturities of Long Term Debts (See Note III (a))	86.72		75.06	
Unpaid Dividend	10.63		10.63	
Unclaimed matured deposits and interest thereon.	25.02		26.58	
Trade Deposits	638.64		594.82	
Other Payables. (**)	<u>762.08</u>	1523.09	<u>846.02</u>	1553.11
(c) Short Term Provisions				
Provision for Employee Benefits	85.17		42.24	
Provision for Taxation	<u>22.33</u>	<u>107.50</u>	<u>27.74</u>	<u>69.98</u>
Total		<u><u>5734.93</u></u>		<u><u>5226.53</u></u>

(*) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues 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 year 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.

(**) Other Payables include Rs.161.10 Lacs (Previous year Rs. 221.90 Lacs) of overdue Sales Tax Loan for which the Company has sought revised schedule for repayment from the Concerned Authorities.



NOTES TO BALANCE SHEET

NOTE: V NON CURRENT ASSETS

	As at 31-03-2012 Rs. In Lacs		As at 31-03-2011 Rs. In Lacs	
(a) Fixed Assets				
(i) Tangible assets				
Land - Freehold	56.01		56.01	
Land - Leasehold	8.52		8.73	
Buildings	754.02		771.02	
Plant & Equipment	3696.00		3934.92	
Furniture & Fixtures	10.18		12.28	
Vehicles	10.20		11.91	
Office Equipments	47.09	4582.02	49.48	4844.35
(ii) Capital Work in Progress		21.28		1.14
(b) Non Current Investments (At Cost)				
Investment in Equity shares (Unquoted, Non Trade, Long Term)				
1000 (Previous year 1000) Fully Paid Equity Shares of Rs. 50/- each in Dombivali Nagari Sahakari Bank Ltd.	0.50		0.50	
1000 (Previous year 1000) Fully Paid Equity Shares of Rs. 10/- each in Saraswat Co-operative Bank Ltd.	0.10		0.10	
25 (Previous year 25) Fully Paid Equity Shares of Rs. 25/- each in Shamrao Vitthal Co-operative Bank Ltd.	0.01		0.01	
Investment in Equity shares (Unquoted, Trade, Long Term)				
33000 (Previous year 33000) Fully Paid Equity Shares of Rs. 10/- each in Indian Potash Ltd.	0.55		0.55	
Investment in Government or Trust securities (Unquoted, Non Trade, Long Term)-National Saving Certificates lodged as security deposits.	0.46	1.62	0.46	1.62
(c) Deferred Tax Assets (Net)		2654.15		2654.15
(d) Long Term Loans and Advances				
Capital Advances	46.15		0.00	
Security deposits	132.83		191.00	
Balances with Excise, Customs, Public Bodies etc.	20.73		21.22	
Advances to Suppliers - Unsecured considered good	26.05		26.05	
Advances to Suppliers - Unsecured considered doubtful	152.14		152.14	
Less: Provision for doubtful advances (*)	(152.14)		(152.14)	
Others	101.15	326.91	104.90	343.17
(e) Other Non-Current Assets				
Trade Receivables				
Unsecured, due for more than six months and considered doubtful	1846.08		1746.08	
Less: Provision for doubtful debts (*)	(1846.08)	0.00	(1746.08)	0.00
Total		7585.98		7844.43

NOTES TO BALANCE SHEET

V-(a) FIXED ASSETS - TANGIBLE

Description	Rs. in lacs										
	GROSS BLOCK			DEPRECIATION				IMPAIRMENT LOSS		NET BLOCK	
	As on 1/4/2011	Addition	Deductions	As on 31.03.2012	As on 1/4/2011	Deductions	During the Year	As on 31/3/2012		As on 31/3/2012	As on 31/3/2011
Free Hold Land	56.01	-	-	56.01	-	-	-	-	-	56.01	56.01
Lease Hold Land	12.62	-	-	12.62	3.89	-	0.21	4.10	-	8.52	8.73
Buildings	1,351.97	16.18	-	1,368.15	580.95	-	33.18	614.13	-	754.02	771.02
Plant & Equipments - Owned	14,861.12	252.95	156.04	14,958.03	10,309.68	107.04	425.84	10,628.48	729.28	3,600.27	3,822.15
Plant & Equipments - Leased	867.05	-	-	867.05	754.28	-	17.04	771.32	-	95.73	112.77
Furniture & Fixtures	146.97	-	-	146.97	134.69	-	2.10	136.79	-	10.18	12.28
Vehicles	84.62	-	3.00	81.62	72.71	2.85	1.56	71.42	-	10.20	11.91
Office Equipments	306.41	3.74	-	310.15	256.93	-	6.13	263.06	-	47.09	49.48
TOTAL	17,686.77	272.87	159.04	17,800.60	12,113.13	109.89	486.06	12,489.30	729.28	4,582.02	4,844.35
Previous Year	17,564.82	188.05	66.10	17,686.77	11,759.81	62.41	415.73	12,113.13	729.28	4,844.35	

NOTE NO. V(c)

The Company will start trading in various fertilisers and other agri inputs in association with a " Strategic Investor", after completing sale of fixed assets of the Company at its Ambarnath factory. 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 sale of fixed assets of the Company at its Ambarnath factory. The break-up of the Deferred Tax Liability / (Deferred Tax asset) as on 31.03.2012 and 31.03.2011, recognised by the Company in the books of account, is as follows :

Particulars	As at 31-03-2012 Rs. In Lacs	As at 31-03-2011 Rs. In Lacs
Deferred Tax Liabilities :		
Difference between book and tax depreciation	1611.05	1611.05
Others	221.90	221.90
Total	1832.95	1832.95
Deferred Tax Assets :		
Unabsorbed depreciation / Business loss	3610.68	3610.68
Others	876.42	876.42
Total	4487.10	4487.10
Net Deferred Tax Liabilities / (Deferred Tax Assets) :	(2654.15)	(2654.15)

NOTE:V(d) AND V(e)

(*) The Company has made a provision for Doubtful Debts and Advances aggregating to Rs.1998.22 lacs upto the period ended 31.03.2012 (Previous Year 1898.22 lacs). In the opinion of the Management of the Company, this provision is adequate to cover the Doubtful Debts & Advances as on 31.03.2012, including those in respect of dues from GFC, Syria stated below (to the extent considered doubtful).

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.620.56 lacs as on 31.03.2012. 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.



NOTES TO BALANCE SHEET

The Company has not taken any credit for these claims in the books of account. 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 member 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.620.56 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. 456.48 lacs) is payable by GFC to the Company as on 31.03.2012. The shortfall in receivable between the amount included in "Sundry Debtors" as on 31.03.2012 (i.e. Rs.620.56 lacs) and the net amount payable to the Company as on 31.03.2012 as per the judgement given by Supreme Administrative Court of Syria (i.e. Rs. 456.48 lacs), has already been provided in earlier Financial Year.

The Company has made a provision for Doubtful Debts and Advances aggregating to Rs.1998.22 lacs upto the period ended 31.03.2012 (Previous Year 1898.22 lacs). In the opinion of the Management of the Company, this provision is adequate to cover the Doubtful Debts & Advances as on 31.03.2012, including those in respect of dues from GFC, Syria (to the extent considered doubtful).

The Debtors as on 31.03.2012 are subject to confirmations from customers.

NOTE: VI CURRENT ASSETS

	As at 31-03-2012 Rs. In Lacs		As at 31-03-2011 Rs. In Lacs	
(a) Inventories				
Raw materials	121.15		179.03	
Material in process (Manufactured)	10.29		4.54	
Finished Goods - Own	329.04		366.89	
Stores and Spares	179.24	639.72	199.76	750.22
(b) Trade Receivables				
Unsecured, considered good				
Outstanding for a period of more than six months	1463.40		1520.14	
Outstanding for a period of less than six months	589.83	2053.23	450.26	1970.40
(c) Cash and Bank Balances				
Cash and cash equivalents				
Balances with Banks in Current Accounts	60.15		123.15	
Cash on hand	1.46		1.30	
Other Bank Balances				
Fixed deposits with Banks kept as margin money for issuing Bank Guarantee.	55.37		55.67	
Unclaimed Dividend Bank Accounts	12.18	129.16	14.96	195.08
(d) Other Current Assets				
Prepaid Expenses	60.46		36.43	
Deposits with Excise, Sales Tax, Customs and other Government bodies	156.73		31.49	
Others	299.47	516.66	249.85	317.77
Total		3338.77		3233.47

NOTES TO BALANCE SHEET

Note VI(a)

Details of Inventories

Raw Materials

Sulphur

109.60

66.31

(113.83)

(109.60)

Special Denatured Spirit

9.75

10.06

(47.44)

(9.75)

Others

59.68

44.78

(65.82)

(59.68)

Total

179.03

121.15

(227.09)

(179.03)

Figures in bracket are in respect of the previous year

Finished Goods (Own)

Single Superphosphate

0.00

0.00

(4.50)

0.00

Commodity Chemicals

50.21

74.05

(34.57)

(50.21)

Speciality Chemicals

315.51

254.24

(138.78)

(315.51)

Others

1.17

0.75

(0.85)

(1.17)

Total Manufactured Finished Goods

366.89

329.04

(178.70)

(366.89)

Figures in bracket are in respect of the previous year

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

H. T. KAPADIA
Director

D. N. VAZE
Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012



NOTES TO STATEMENT OF PROFIT AND LOSS

NOTE : VII OTHER INCOME

Particulars	for the year ended on	for the 9 months period
	31.03.2012	ended on 31.03.2011
	Rs. In Lacs	Rs. In Lacs
Interest Income	3.25	10.91
Dividend Income	0.85	0.02
Other non -operating income (net)	120.04	48.51
TOTAL	124.14	59.44

NOTE : VIII EMPLOYEE BENEFITS EXPENSE

Particulars	for the year ended on	for the 9 months period
	31.03.2012	ended on 31.03.2011
	Rs. In Lacs	Rs. In Lacs
Salaries and Wages	437.31	326.21
Contribution to Provident and Other Funds	88.89	94.35
Staff Welfare Expenses	36.91	27.86
Total	563.11	448.42
	53.46	31.43

Salaries & Wages are shown net after allocation to Repairs etc.

NOTE : IX OTHER EXPENSES

Particulars	for the year ended on	for the 9 months period
	31.03.2012	ended on 31.03.2011
	Rs. In Lacs	Rs. In Lacs
Consumption of Stores & Spares (*)	1.85	0.74
Power & Fuel	579.47	324.59
Repairs to buildings	19.73	9.13
Repairs to machinery	287.31	294.31
Insurance	13.00	10.05
Rates and taxes	13.97	24.98
Internal handling, Freight and carriage outward	291.71	132.53
Net loss/(gain) on foreign currency transactions	17.32	18.28
Provision for doubtful debts	100.00	75.00
Auditors' Remuneration		
Audit fees	4.50	4.50
Tax audit fees	1.40	1.05
For other services	1.92	4.49
Reimbursement of out of pocket expenses	0.33	0.45
Miscellaneous expenses	335.45	256.87
Total	1667.96	1156.97
	146.57	167.34

(*) Consumption of Stores & Spares is shown net after allocation to Repairs etc.

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
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Director

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Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012

SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE ACCOUNTS FOR THE YEAR APRIL 2011 TO MARCH 2012

NOTE : X

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

Sales include Turnkey Project sales (based on % completion method), Processing Charges, Freight on sale of finished goods. 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 and Deferred Tax charge or credit.

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 of assets/liabilities 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 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 of assets/liabilities 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 Contingent Liabilities not provided for:

	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
(i) Outstanding claims in respect of Excise Duty, Sales Tax, etc.	44.55	46.40
(ii) Guarantees given by the Company's Bankers	51.46	51.46
(iii) Arrears of Cumulative Preference Dividend	461.81	406.81
(iv) Claims against Company not acknowledged as debts	55.76	55.76
(v) Estimated Amount of Contracts remaining to be executed on Capital Account & not provided for (Net of Advances)	54.00	-

3 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 notified pursuant to the Companies (Accounting Standards) Rules, 2006 . 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.

4 The cost to the Company arising out of the conversion of Lenders' Sacrifice (by way of the reduction in the interest rates) was being amortised equally over the period of repayment of term loans to the Lenders, upto 30th June 2010. In view of the completion of the negotiated settlements with the Lenders during the period ended 31/03/2011, the entire unamortised amount of Lenders' Sacrifice amounting to Rs. 70.97 lacs as on 30/06/2010 has been amortised during the period ended 31/03/2011 (i.e.1st July, 2010 to 31st March, 2011).

5 No provision has been made in respect of current income tax since there is no taxable income during the year ended 31st March 2012 and for the period ended 31st March, 2011.

6 The Company has obtained 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. (Written Down Value of the fixed assets of the Company at its Ambarnath factory as on 31-03-2012 is Rs.1739.73 Lacs). Therefore, while reporting "Segment Results", in Note No. (18) to the accounts, depreciation of Ambarnath factory has been shown separately and remaining loss of Ambarnath factory has been included in "Others/Unallocated Expenditure". Also, Fixed Assets, Current Assets and Current Liabilities relating to the Ambarnath factory of the Company has been excluded for segment-wise reporting of "Capital Employed".

7 Segment Reporting :

The Company has disclosed Business Segments as its primary segments. Reporting segments have been identified as Fertilisers, Chemical and Others/Unallocated, 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 current 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.

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SEGMENT INFORMATION FOR THE PERIOD April 2011 TO 31st March 2012 INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

	Fertilisers	Chemicals	Others / Unallocated Expenditure	Total
	[Rs in Lacs]	[Rs in Lacs]	[Rs. in Lacs]	[Rs. in Lacs]
REVENUE (NET)				
Domestic Sales (Net of Excise Duty)	246.14	5887.41	-	6133.55
	(154.29)	(3155.82)	(12.12)	(3322.23)
Export Sales		1999.20		1999.20
		(973.57)		(973.57)
Total Segment Revenue	246.14	7886.61	(12.12)	8132.75
	(154.29)	(4129.39)		(4295.80)
RESULT (Profit / -Loss before Tax, Interest, Non-operating income, exceptional items and Unallocated Expenditure)	-56.05	233.93	-78.04	99.84
	(-38.04)	(93.57)	(-72.69)	(-17.16)
Operating Profit				99.84
				(-17.16)
Finance Cost				241.97
				(162.91)
Profit/ - Loss before Other Income				-142.13
				(-180.07)
Less : Depreciation of Ambernath Factory				256.20
				(228.49)
Less : Lenders' Sacrifice Amortisation				0.00
				(70.97)
Profit / - Loss				-398.33
				(-479.53)
OTHER INFORMATION				
Segmental Assets	363.03	6200.55	486.39	7049.97
	(441.51)	(4098.18)	(518.49)	(5058.18)
Segmental Liabilities	146.52	5413.58	191.64	5751.74
	(156.87)	(3275.23)	(191.97)	(3624.07)
Capital Expenditure	0.09	292.92	0.00	293.01
	(8.13)	(123.53)	(0.00)	(131.66)
Depreciation	16.34	203.75	265.97	486.06
	(27.23)	(152.23)	(236.27)	(415.73)
Segment Assets exclude :				
Conversion of Lenders' sacrifice (to the extent not written off)				0.00
				(70.97)
Deferred Tax Asset				2654.15
				(2654.15)
Fixed Assets & Current Assets relating to Ambernath Factory {Note No. X (6)}				2424.97
				(3713.93)
Segment Liabilities exclude :				
Secured Loans				5772.06
				(5847.12)
Unsecured Loans				2593.33
				(2834.13)
Current Liabilities relating to Ambernath Factory {Note No. X (6)}				1214.92
				(1558.67)

Note : Figures in brackets pertain to Previous Year.



Information about Secondary Segments :- Geographical

	for the period ended	
	31.03.2012 (12 months)	31.03.2011 (9 months)
a) Revenue by Geographical Market		
India - Fertilisers	246.14	154.29
- Chemicals	5887.41	3155.82
Outside India - Chemicals	1999.20	973.57
- Unallocated	0.00	12.12
Total	8132.75	4295.80
b) Carrying Amount of Segment Assets		
India - Fertilisers	363.03	441.51
- Chemicals	5866.86	3931.96
- Unallocated	486.39	518.49
Outside India - Chemicals	333.69	166.22
Total	7049.97	5058.18
c) Addition to Fixed Assets and Intangible Assets *		
India	272.87	188.05
Outside India	0.00	0.00
Total	272.87	188.05

* excludes Capital Work-in Progress.

8 Other Additional information :

	April 2011 to March 2012	July, 2010 to March 2011
	Value (Rs.in Lacs)	Value (Rs.in Lacs)
(i) VALUE OF RAW MATERIALS AND BOUGHTOUTS, STORES, SPARES AND COMPONENTS CONSUMED		
Raw Materials and Boughtouts:		
Imported	-	98.29 (3.65%)
Indigenous	5537.02 (100.00%)	2596.11 (96.35%)
Stores, Spares and Components:		
Imported	-	-
Indigenous	146.56 (100.00%)	168.08 (100.00%)
(ii) VALUE OF IMPORTS CALCULATED ON CIF BASIS :		
Raw Materials & Boughtouts	0.00	79.24
(iii) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Foreign tours, Subscription, etc.	16.14	25.98
(iv) EARNINGS IN FOREIGN CURRENCY IN RESPECT OF :		
Export of goods calculated on FOB basis	1891.54	917.45
Turnkey Project Sales	0.00	12.12

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

	<u>Apr 11/Mar 12</u>	<u>Jul 10 / Mar 11</u>
Before Exceptional item		
Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax there on (Rs. Lacs)	(462.25)	(527.79)
Denominator - weighted average number of equity shares	21,257,821	21,257,821
Basic, as well as diluted, earnings per equity share (in Rupees)	(2.17)	(2.48)
After Exceptional item		
Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax there on (Rs. Lacs)	(462.25)	(527.79)
Denominator - weighted average number of equity shares	21,257,821	21,257,821
Basic, as well as diluted, earnings per equity share (in Rupees)	(2.17)	(2.48)

10 Related Parties Disclosures :

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

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>
------------------------------------	-------------------------------

- (i) Shri L.N.Goculdas Promoter and Chairman (holding more than 20% of the voting power)

(B) Associate / Other Related Companies

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>
(i) Borax Morarji Ltd.	Associate Company
(ii) The Natural Gas Co.Pvt.Ltd.	Other Related Company
(iii) L.P.Gas Transport & Bottling Co. Pvt.Ltd.	Other Related Company
(iv) Phoenix Distributors Pvt.Ltd.	Other Related Company
(v) Jasraj Trading Co.	Other Related Company
(vi) Kosan Industries Pvt.Ltd.	Other Related Company
(vii) Bombay Foods Pvt.Ltd.	Other Related Company

(C) Key Management Personnel

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>
(i) Shri B.L.Goculdas	Chief Executive Officer
(ii) Shri D.N.Vaze	Chief Finance Officer
(iii) Shri D.T.Gokhale	Vice President (Legal/Corporate Affairs) & Company Secretary.

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

	<u>Rs.in lacs</u>
Sitting Fees for attending Board and Committee meetings	0.50
	(0.45)

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

	<u>(Rs. in lacs)</u>	
	<u>Associate Company</u>	<u>Other Related Companies</u>
(i) Purchase of Goods/Services Received by the Company		
Borax Morarji Ltd.	18.94	
	(4.85)	
L.P.Gas Transport & Bottling Co. Pvt.Ltd.	-	1.07
	-	(0.00)
(ii) Sale of Goods/Services Rendered by the Company		
Borax Morarji Ltd.	68.52	
	(18.27)	
Sale of Fixed Assets		
Borax Morarji Ltd.	13.52	
	(0.00)	
(iii) Expenses Reimbursed (Net) to the Company	1.33	-
	(2.21)	-



(iv)	Closing balance included in Current Assets of the Company	71.97	
		(26.00)	-
(v)	Closing balance included in Current Liability of the Company	0.53	
		(0.00)	
(vi)	Closing balance included in Unsecured Loan of the Company	-	716.80
		-	(896.80)
(F)	<u>Transactions relating to Key Management Personnel</u>		Rs.in Lacs
(i)	Remuneration	29.04	
		(21.33)	
(ii)	Rent / HRA paid for residential accommodation / other benefits	11.79	
		(11.50)	
(iii)	Closing balance as at year ended included in Outstanding liability of the Company	1.84	
		(1.84)	
(iv)	Unsecured Loan taken by the Company and outstanding as at the year end		1,715.43
			(1,715.43)

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

Figures in brackets pertain to Previous Year

11 The Company has prepared the financial statements for the year ended 31.03.2012 on a "Going Concern Basis" since the Company is confident that its profitability will improve in future in view of the following:

- 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 sale of Fixed Assets of the Company situated at Ambarnath, and
- Continued efforts by the Company for improving efficiency, restructuring / rationalisation of operations and optimisation of cost.

12 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 31.03.2012, the required data is as follows:

(i) Continuing Employees :

	Rs. in lacs	
	Apr 11/Mar 12	
	GRATUITY	LEAVE ENCASHMENT
I	Expense recognised in the statement of Profit & Loss Account for period ended 31st March 2012	
	12.28	17.02
1. Current Service Cost		
2. Interest Cost	15.44	2.56
3. Past Service Cost (vested benefits)	-	-
4. Expected Return on plan assets	-	-
5. Actuarial (Gain) / Losses	1.97	(9.31)
6. Total Expenses	29.69	10.27
II	Net Assets / (Liability) recognised in the Balance Sheet as at 31st March 2012	
1. Present value of Defined Benefit Obligation as at 31st March 2012	241.89	45.40
2. Fair Value of plan assets as at 31st March 2011	0.00	0.00
3. Funded Status [(Surplus)/(Defecit)]	(241.89)	(45.40)
4. Net asset / (Liability) as at 31st March 2012	(241.89)	(45.40)
III	Change in Obligation during the period ended 31st March 2012	
1. Present value of Defined Benefit Obligation at the beginning of the year	229.01	38.01
2. Current Service Cost	12.28	17.02
3. Interest Cost	15.44	2.56
4. Past Service Cost - (Vested Benefits)	-	-
5. Actuarial (Gain) / Losses	1.97	(9.31)
6. Benefits Payments	(16.81)	(2.88)
7. Present value of Defined Benefit Obligation at the end of the year	241.89	45.40

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	Rs. in lacs	
	Apr 11/Mar 12	
	GRATUITY	LEAVE ENCASHMENT
IV Change in Assets During the period ended 31st March 2012		
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	16.81	2.88
4. Actual benefits paid	(16.81)	(2.88)
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%
4. Mortality Rate	LIC (1994-96)	LIC (1994-96)
(ii) For Ex-employees	40.90	5.21
13 Disclosure in terms of Revised Accounting Standard 7 (Construction Contracts)		
	April 11 to March 12	July 10 to March 11
I. Contract revenue recognised as revenue in the period	Nil	12.12
II. For Contracts that are in progress as on 31.03.2012		
a) Contract costs incurred & recognised profits (Less :- Recognised Losses) upto the reporting date	Nil	Nil
b) Work in Progress as on 31.03.2012	Nil	Nil
c) Amount due from customers for contract work (other than WIP stated in (b) above	Nil	Nil
d) Gross amount due to customers for contract work	Nil	Nil
14 The Company has elected to present Profit/(Loss) before Finance Costs, Depreciation and amortisation and Tax i.e.(EBITDA) as a separate line item on the face of the statement of the profit and loss.		
15 During the year ended 31st March, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.		
16 As required by the revised Schedule VI to the Companies Act, 1956, Trade Receivables could not be classified as outstanding for a period of more than six months from the due date instead of the invoice date. The necessary modification in the existing computer program will be carried out in the current Financial year. However, it does not have any significant impact on the financial statements.		
17 The figures as per these financial statements are not comparable with the figures in respect of previous financial year as the current financial year is of twelve months period commencing from April, 2011 to March, 2012 where as the financial statements of the previous financial year were prepared for a period of 9 months commencing from 1st July, 2010 to 31 March, 2011.		
18 Figures in respect of the previous year have been regrouped wherever necessary		

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

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Director

D. N. VAZE
Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012



CASH FLOW STATEMENT

for the year ended on 31st March, 2012

Particulars	For the year ended on 31st March, 2012 Rs. In Lacs		For the 9 months period ended on 31st March, 2011. Rs. In Lacs	
A Cash flow from Operating Activities				
Net Profit/(Loss) before Tax		(398.33)		(479.51)
Adjustments for				
Add:				
Depreciation	486.06		415.73	
Amortisation of lenders' sacrifice	0.00		70.97	
Interest charged	241.97	728.03	162.91	649.61
Less:				
Dividend Income	0.85		0.02	
Interest income	3.25		10.55	
Profit/(Loss) on sale of fixed assets	42.67	46.77	0.25	10.82
Operating Profit before working capital changes		282.93		159.28
Adjustment				
Add:				
Decrease/(Increase) in Inventories	110.50		(105.99)	
Decrease/(Increase) in Trade Receivables	(82.83)		51.61	
Decrease/(Increase) in Other Current Assets	(182.63)		103.39	
Increase/(Decrease) in Trade Payable	500.90		(162.10)	
Increase/(Decrease) in Short Term Provisions	37.52		(709.33)	
Increase/(Decrease) in Long Term Provisions	3.50		6.01	
Increase/(Decrease) in Other Current Liabilities	(30.02)	356.94	(826.91)	(1643.32)
Add: Income Tax Refund Received	0.00	0.00	2.06	2.06
Cash Generated / (used) in Operating Activities		639.87		(1481.98)
B Cash Flow from Investing Activities				
Add:				
Sale of Fixed Assets	91.81		3.94	
Dividend Received	0.85	92.66	0.02	3.96
Less:				
Purchase of Fixed Assets	272.87		188.05	
Increase/(Decrease) in Capital Work in Progress	20.14	293.01	(56.39)	131.66
Cash Generated from / (used in) Investing Activities		(200.35)		(127.70)

CASH FLOW STATEMENT

for the year ended on 31st March, 2012

Particulars	For the year ended on 31st March, 2012 Rs. In Lacs		For the 9 months period ended on 31st March, 2011. Rs. In Lacs	
C Cash Flow from Financing Activities				
Add:				
Funds given by a Strategic Investor (Secured)(See Note II forming part of accounts.)	0.00		2366.45	
Receipt of Inter Corporate Deposits	0.00		137.76	
Interest Received	3.25	3.25	10.55	2514.76
Less:				
Repayment of Intercorporate deposits	180.00			
Interest paid	241.97		162.91	
Repayment of Bank Loans	86.72	508.69	879.60	1042.51
Repayment of Loans from Banks				
Cash Generated from / (used in) Financing Activities		(505.44)		1472.25
D Net Cash Increase / (Decrease) in Cash & Bank Balances		(65.92)		(137.43)
E Add: Cash & Bank Balances at the beginning of the year				
Cash and Cash Equivalents	124.45		268.84	
Other Bank Balances (Restrictive use)	70.63	195.08	63.67	332.51
F Cash & Bank Balances at the end of the year				
Cash and Cash Equivalents	61.61		124.45	
Other Bank Balances (Restrictive use)	67.55	129.16	70.63	195.08

As per our Report of even date attached

L.N.GOCULDAS
Chairman

B.L. GOCULDAS
Chief Executive Officer

D.T GOKHALE
Company Secretary

FOR K.S.AIYAR & CO.
Chartered Accountants
Firm Registration No. 100186W

H. T. KAPADIA
Director

D. N. VAZE
Chief Finance Officer

RAGHUVIR M.AIYAR
Partner
Membership No.38128

Mumbai, 30th May, 2012

Mumbai, 30th May, 2012



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:

Registration No.	00564
State Code	11
Balance Sheet Date	31.03.2012

Application of Funds:

Net Fixed Assets	460330
Investments	162
Deferred Tax Assets	265415
Current Assets	366568
Accumulated Losses	975575

II CAPITAL RAISED DURING THE YEAR

(Amount in Rs.Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

IV PERFORMANCE OF THE COMPANY

(Amount in Rs.Thousands)

Turnover(Gross Revenue)	825689
Total Expenditure	865522
Profit/(Loss) Before Taxation	(39833)
Current Tax Expenses	-
Profit/(Loss) After Taxation	(39833)
Earning Per Share - Rs.	(2.17)

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rs.Thousands)

Total Liabilities	1092475
Total Assets	1092475

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Item Code No.(ITC Code)	310310.00
Product Description	Single Super Phosphate
Item Code No.(ITC Code)	280700.01
Product Description	Sulphuric Acid
Item Code No.(ITC Code)	280620.00
Product Description	Chlorosulphonic Acid

Sources of Funds:

Paid-up Capital	300578
Reserves and surplus	352864
Secured Loans	577206
Unsecured Loans	259333
Current Liabilities	578069

The Last Ten Years - DMCC LTD.

(Rs. in lacs)

Particulars	2011-12	July 10 - March 11	Apr.09-June10	Oct.07-Mar09	Apr.06-Sep.07	2005-06	2004-05	2003-04	2002-03	2001-02
Equity Share Capital	2125.78	2,125.78	2125.78	** 2125.78	* 2084.24	2,029.03	2,029.03	2,029.03	2,029.03	2029.03+
Preference Share Capital	880.00	880.00	880.00	*** 880.00	600.00	600.00	600.00	600.00	1,000.00	1,000.00
Reserves & Surplus	3528.64	3,528.64	165.88	165.88	127.42	67.07	67.07	1,452.32	3,847.12	3,955.83
Sales Turnover	8132.75	4,743.72	6,584.40	17,677.35	28,125.53	18,415.98	16,698.20	19,210.15	23,994.71	21,034.24
Profit/(Loss) before Depreciation/ Amortisation and Taxation	87.73	7.19	-2,387.21	-2,054.27	-2,486.15	23.38	512.43	726.60	921.45	224.41
Depreciation	486.06	415.73	766.58	1,078.04	1,205.30	764.51	@441.97	872.23	874.75	623.24
Amortisation of Lenders' Sacrifice	0	70.97	32.26	80.95	54.83	28.89	-	-	-	-
Profit/(Loss) before Exceptional item & Taxation	-398.33	-479.51	-3,186.05	-3,213.26	-3,746.28	816.78	954.40	1,598.83	46.70	847.65
Exceptional item - waiver of dues by banks/financial institutions by one time settlement					139.31					
Profit/(Loss) after Exceptional item & before Taxation	-398.33	-479.51	-3,186.05	-3,213.26	-3,606.97					
(INCREASE)/DECREASE IN DEFERRED TAX LIABILITY					-	-	43.97	1,025.66	0.13	1,024.45
Deferred Tax Asset				505.98	2,148.17					
Profit/(Loss) after exceptional Item & after considering Deferred Tax Asset / Liability	-398.33	-479.51	-3,186.05	-2,707.28						
Provision for Current Year's Taxation	0	0.02	0.02	18.04	25.05	20.70	0.50	1.00	5.68	2.00
Profit after Taxation	-398.33	-479.53	-3,186.07	-2,725.32	-1,483.85	837.48	910.93	574.17	40.89	174.80
Surplus brought forward From Previous Year	-9,357.42	-8,877.89	-5,691.82	-2,966.50	-1,482.65	645.17	24.06	112.40	186.51	593.98
Transferred from Investment Allowance Reserve	-	-	-	-	-	-	-	-	-	53.46
Transferred from Debenture Redemption Reserve	-	-	-	-	-	-	-	-	-	-
Transferred from Preference Shares Redemption Reserve	-	-	-	-	-	-	-	-	-	666.00
Transferred from General Reserve	-	-	-	-	-	-	241.70	500.00	-	-
Available for appropriation	-	-	-	-	-	-	-	38.23	227.40	1,488.24
Equity Dividend	-	-	-	-	-	-	-	-	-	-
Employees' Remuneration and Benefits	563.11	448.42	1,713.64	1,744.88	2,312.84	1,320.96	1,369.77	1,550.19	1,619.48	1,543.44
Equity Dividend %	-	-	-	-	-	-	-	-	-	-

* 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.#	
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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 91st ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 25th day of September, 2012 at 11.30 a.m. and at any adjournment thereof.

Signed this day of 2012

Signature of member

Affix a
Re. 1/-
Revenue
stamp

* 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 91st ANNUAL GENERAL MEETING held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Tuesday, the 25th day of September, 2012 at 11.30 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