



# THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

**96th  
ANNUAL REPORT  
2016-17**



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### Directors

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

### Key Management Personnel

Shri Bimal Lalitsingh Goculdas Chief Executive Officer  
Shri Dilip Trimbak Gokhale Executive Vice President  
& Company Secretary  
Shri Dharmarajan Kalyan Sundaram Chief Finance Officer

### Auditors

K.S. Aiyar & Co.  
Chartered Accountants

### Legal Advisers

Bhaishanker Kanga & Girdharlal

### Bankers

Janakalyan Sahakari Bank Ltd.  
The Federal Bank Ltd.

### Registered Office

Prospect Chambers,  
317/321, Dr. Dadabhoy Naoroji Road,  
Fort, Mumbai – 400 001.

### Factories

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

### Registrar and Transfer Agents

**Link Intime India Pvt. Ltd.**  
C101, 247 Park, L B S Marg,  
Vikhroli (W) Mumbai-400 083.  
Tel. : 022-49186000 Fax : 022- 49186060  
Email : mt.helpdesk@linkintime.co.in



## NOTICE

Notice is hereby given that the Ninety Sixth Annual General Meeting of the Members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (CIN : L24110MH1919PLC000564) will be held at the Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Tuesday, the 26th day of December, 2017 at 11:00 a.m. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company (post merger) for the Financial Year ended 31st March, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Ms Mitika Laxmikumar Goculdas (holding DIN 02879174), who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as amended from time to time, Rahul Gautam Divan & Associates, Chartered Accountants, (ICAI Firm Registration No. 120294W), be and are hereby appointed as Statutory Auditors of the Company in place of Messrs K.S. Aiyar & Company, the retiring statutory auditors of the Company, to hold office for a period five (5) years from the conclusion of this, 96th Annual General Meeting (AGM) of the Company till the conclusion of the 101st AGM of the Company to be held in 2022 (subject to ratification of their appointment at every AGM, if so required under the Act) to examine and Audit the accounts of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

### SPECIAL BUSINESS

4. Ratification of Cost Auditor's Remuneration

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

“RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies ( Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment (s) thereof, for the time being in force), as amended from time to time, the remuneration payable to CMA Shri S. S. Dongare holding ICWA Registration Number 12521, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, amounting to Rs. 66,000 ( Rupees Sixty Six Thousand Only) as also the payment of taxes as applicable and re-imburement of actual out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”

**NOTES:**

- a. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the Act), in regard to the business as set out in item Nos.3 and 4 above is annexed hereto:-
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND 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. Proxies submitted on behalf of Companies, Societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by on behalf of the nominating organization.
- c. Corporate members intending to send their authorised representatives to attend the Annual General Meeting (AGM) are requested to send a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the AGM.
- d. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
- e. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.  
Provided that a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- f. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- g. The Register of Members and the Transfer Books of the Company shall remain closed from Monday, the 18th December, 2017 to Tuesday, 26th December, 2017 (both days inclusive).
- h. 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.
- i. Members are requested to notify changes of address, if any, to the Company.
- j. 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.
- k. 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.
- l. To support the “Green Initiative”, the Members who have not registered their e-mail addresses are requested to register the same with Registrars/Depositories.
- m. Voting through electronic means: In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically through the e-voting services provided by the Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.



The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Saturday, 23rd December, 2017 (9.00 am IST) and ends on Monday, 25th December, 2017 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 19th December, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders .
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



- (xi) Click on the EVSN for the relevant The Dharamsi Morarji Chemical Company Limited on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### Other Instructions on e-voting :

- (i) The e-voting period commences on Saturday, 23rd December, 2017 (9.00 am IST) and ends on Monday, 25th December, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in electronic form, as on Tuesday, the 19th December, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast and confirmed by the Member, he/she shall not be allowed to change it subsequently.



- (ii) The voting rights of the shareholder will be in proportion of their shares as on Tuesday, 19th December, 2017 to the paid up equity share capital of the Company.
- (iii) Provision of electronic voting will not be extended during the AGM, however, those members who have not casted their vote through e-voting will be allowed to vote on poll. Those members who have exercised their voting through e-voting prior to the meeting may participate in the AGM but will not be entitled to vote on poll during the meeting.
- (iv) Mr. Jatin Papat, Proprietor, JSP Associates, Practicing Company Secretary (Membership No. FCS No. 4047 C.P.NO.6880), has been appointed as the Scrutinizer to conduct the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- (v) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witness not in the employment of the Company and submit a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- (vi) The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.dmcc.com](http://www.dmcc.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) within two days of the passing of the resolutions at the Ninety-Sixth AGM of the Company on 26th December, 2017 and communicated to BSE Limited, where the shares of the Company are listed.

By Order of the Board of Directors,

D. T. Gokhale  
Company Secretary

**Registered Office:**

Prospect Chambers,  
317/321, Dr. Dadabhoy Naoroji Road,  
Fort, Mumbai 400 001.  
CIN: L24110MH1919PLC000564  
Website: [www.dmcc.com](http://www.dmcc.com)  
e-mail : [dgokhale@dmcc.com](mailto:dgokhale@dmcc.com)  
Date:10th November, 2017.





## EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), and Article 89 (2) of the Articles of Association of the Company the following Explanatory Statement sets out all material facts relating to the business mentioned under item No. 3 and 4 of the accompanying Notice dated 10th November, 2017.

### Item No. 3

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

Section 139 (2) of the Act read with the Companies (Audit and Auditors) Rules, 2014, has mandated all listed companies and certain categories of unlisted public companies and private companies to mandatorily rotate their Auditors (whether such Auditor is an individual or a Firm) once their Auditor has served office as an Auditor for a period of 10 or more consecutive years (rotation period). In this regard, the third proviso to Section 139(2) of the Act has provided a moratorium period, wherein companies incorporated prior to 1st April 2014, have been provided a time period of 3 years from such date to comply with the requirement to rotate their auditors.

Messrs. K. S. Aiyar & Company, Chartered Accountants, holding ICAI Firm Registration Number 100186W, are the statutory auditors of the Company due for rotation at this Annual General Meeting (AGM) of the Company, as they have been the company's statutory auditors for more than 10 years.

After following a process with respect to selection of Statutory Auditors of the Company, Messrs Rahul Gautam Divan & Associates (RGD & Associates), Chartered Accountants (ICAI Firm Registration No.120294W), was identified to be the next Statutory Auditor of the Company. The term of appointment is for 5 Years, subject to ratification by members at each succeeding AGM, if so required under the Act.

Rahul Gautam Divan & Associates is a member of Kreston International, a worldwide network of accounting firms, offering high quality accounting, auditing, legal and consultancy services. The combined experience of the partners in the chartered accountancy profession within the associated firms is over 50 years. RGD & Associates have associated offices in Bangalore and Ahmedabad, with residential partners at both associated offices. RGD & Associates have been involved in the Statutory Audits and also Internal Audits of various companies, and have the necessary experience to conduct the statutory audit of the Company. RGD & Associates have consented to the said appointment and confirmed that their appointment, if made, would be in accordance with Section 139 read with Section 141 of the Act.

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

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

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

### Item No. 4

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee of Directors, the Board



of Directors has approved the re-appointment of CMA Shri. S. S. Dongare holding ICWA Registration No. 12521, as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2017-18, at a remuneration of Rs. 66,000/- (Rupees Sixty Six thousands only ) plus taxes and actual out-of-pocket expenses.

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

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

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

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

(Pursuant to Clause 49 of the Listing Agreement and Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

|   |  |
|---|--|
| Name of the Director  | Ms. Mitika Laxmikumar Goculdas   |
| Director Identification Number (DIN)                                | 02879174   |
| Date of Birth   | 11.08.1972   |
| Date of Appointment on the Board                                    | 04.11.2011   |
| Qualifications/Expertise in specific functional areas               | MBA (Finance) from Pennsylvania State University, USA  |
| Directorships held in other companies (excluding foreign companies) | Borax Morarji Limited (since amalgamated with the Company)<br>Gocul Gas Pvt. Ltd.<br>Kosan Industries Pvt. Ltd.<br>L.P. Gas Equipment Pvt. Ltd.<br>L.P. Gas Transport & Bottling Co. Pvt. Ltd.<br>Bombay Foods Pvt. Ltd.<br>Phoenix Distributors Pvt. Ltd.<br>Natural Gas Co. Pvt. Ltd.<br>Autogas Conversion (India) Pvt. Ltd.<br>B.S. and Service Pvt. Ltd.<br>Phoenix Distributors Gas Agencies Bhopal Pvt. Ltd.<br>B S and Services Gas Agencies Bhopal Pvt. Ltd.<br>Jasraj Trading Co. Pvt. Ltd.<br>Falcon Chemicals LLC, Dubai |



|   |                           |
|---|---------------------------|
| Committee position held in other committees | Nil                       |
| Shareholding                                | Nil                       |
| Relationship between Directors interse      | Yes, Daughter of Chairman |

By Order of the Board of Directors,

D. T. Gokhale  
Company Secretary

**Registered Office:**

Prospect Chambers,  
317/321, Dr. Dadabhoy Naoroji Road,  
Fort, Mumbai 400 001.  
CIN: L24110MH1919PLC000564  
Website: [www.dmcc.com](http://www.dmcc.com)  
e-mail : [dgokhale@dmcc.com](mailto:dgokhale@dmcc.com)  
Date:10th November, 2017.



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

Your Directors are pleased to inform you that the Amalgamation of Borax Morarji Limited (BML) with your Company on the appointed date i.e. 1st April, 2016 was approved by the Mumbai Bench of National Company Law Tribunal (NCLT) on 18th October, 2017. Accordingly, BML and DMCC have been amalgamated, effective from 1st April, 2016, being the appointed date.

The Directors are pleased to present their Ninety Sixth Annual Report together with the audited financial statements (post merger of BML with your Company) of the Company for the financial year ended 31st March, 2017.

|   | <b>Financial Year ended<br/>31st March, 2017</b> | <b>Financial Year ended<br/>31st March, 2016</b> |
|---|--|--|
|   | Rs. in lakhs                                     | Rs. in lakhs                                     |
| Sales Turnover (inclusive of excise duty but excluding MVAT /S.TAX)   | 18831.76   | 10,664.42  |
| Gross Profit / (Loss)   | 2549.00  | 1,540.38   |
| Less : Depreciation   | 371.64   | 225.83   |
| Less : Exceptional Item   | –  | –  |
| Profit / (Loss) before taxation   | 2177.36  | 1,314.55   |
| Less : Provision for Taxation (MAT)   | 443.94   | 117.38   |
| Profit (Loss) after Taxation  | 1733.42  | 1,197.17   |
| Add : Balance brought forward   | –  | –  |
| Balance carried forward   | 1733.42  | 1,197.17   |
| The following is the Sales Turnover (Inclusive of Excise Duty but excluding MVAT /S.TAX) by group of products : |  |  |
| Commodity Chemicals   | 8991.61  | 4,427.19   |
| Speciality Chemicals  | 9182.60  | 5,902.72   |
| Others  | 657.55   | 334.51   |
| Total   | 18831.76   | 10664.42   |

### Scheme of Arrangement/Amalgamation and Capital restructuring.

The merger is expected to result in creation of a combined entity and synergy in the business besides achieving economies of scale. Combining the functions and the operations of both the companies is expected to result in better performance with the benefits in the form of better utilisation of managerial, technical and the financial resources, thereby enhancing the value of stakeholders. The amalgamation and restructuring is expected to result in Operational rationalization, Cost reduction, better administration and organizational efficiency.

Though BML was engaged in the manufacture of Boron Chemicals, your Company is planning to expand and diversify in Specialty Chemicals as well, at its new location at Dahej in the State of Gujarat. Your Company will have an additional advantage of strategic location at Dahej in the State of Gujarat which is a large and expanding chemical market with strategic advantages in logistics, marketing and procurement.



During the year under review, your Company had issued 588930 Equity shares of Rs.10/- each at a premium of Rs.91.88 each by way of Preferential allotment of Equity shares to two promoter group companies viz. The Natural Gas Company Private Limited and Phoenix Distributors Private Limited. The proceeds from the issue of these Equity shares were utilized for redemption of 8% Redeemable Cumulative non-convertible preference shares of Rs.100/- each aggregating to Rs.6,00,00,000/- held by The Natural Gas Company Private Limited and Phoenix Distributors Private Limited. It may also be noted that the Promoters have voluntarily waived recovery of cumulative dividend (not declared) on these preference shares aggregating to Rs.624 Lakhs as on 31st March, 2016 and pro-rata dividend on these preference shares thereafter.

Your company has allotted to the shareholders of BML 22,59,849 Equity shares of Rs.10/- each aggregating to Rs.2,25,98,490/- at a premium of Rs.98/- per share aggregating to Rs.22,14,65,202/- in the ratio of “1 (“One”) Equity Share in your company of INR 10 (“Indian Rupees Ten”) each fully paid up for every 2 (“Two”) fully paid up equity shares of INR 10 (“Indian Rupees Ten”) each in BML.”

Similarly, the preference shareholder of BML have also been allotted 8,33,333 Equity shares of Rs.10/- each aggregating to Rs.83,33,330/- at a premium of Rs.8,16,66,634 in the ratio of “10 (“Ten”) Equity Shares in your Company of INR 10 (“Indian Rupees Ten”) each fully paid up for every 108 (“One Hundred and Eight”) fully paid up preference shares of INR 10 (“Indian Rupees Ten”) each in BML.”

In view of the scheme of arrangement/amalgamation of the two companies, the authorized share capital of your company now comprises of 40,000,000 Equity shares of Rs.10/- each aggregating to Rs.40 Crores and 2,000,000 Preference shares of Rs.100/- each aggregating to Rs.20 Crores.

Thus, the issued, subscribed and paid up equity share capital of your company now comprises of 2,49,39,933 Equity shares of Rs.10/- each aggregating to Rs. 24,93,99,330/- and 2,80,000, 2.5% Redeemable Cumulative Non-convertible preference share capital of Rs.100/- each aggregating to Rs.2,80,00,000.

### **Extension of time for holding of AGM**

In order to present consolidated position of the company’s financials post amalgamation of BML and DMCC, the Company had sought extension of time for holding the 96th Annual General meeting (AGM) and the Registrar of companies (ROC), Maharashtra have granted extension of time of 3 months to hold the said Annual General Meeting.

### **Listing Requirement**

Your company’s Equity shares are already listed on BSE Limited. During the year under review, your Company has issued 588930 Equity shares of Rs.10/- each at a premium of Rs.91.88 each by way of Preferential allotment of Equity shares to two promoter group companies viz. The Natural Gas Company Private Limited and Phoenix Distributors Private Limited, which have been listed on BSE Ltd. As per NCLT order dated 18th October, 2017, your company issued 22,59,849 equity shares of Rs.10/- each at a premium of Rs.98/- each to BML equity shareholders and 8,33,333 equity shares of Rs.10/- each at a premium of Rs.98/- each to BML preference shareholder. These shares will also be listed on BSE Ltd., in course of time.

## **OVERVIEW OF OPERATIONS AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT INCLUDING PROSPECTS IN THE INDUSTRY**

The combined turnover of commodity chemicals and Boron chemicals during the current financial year ended 31st March, 2017 is Rs.8991.61 Lakhs . The turnover of the Specialty chemicals during the current financial year ended 31st March, 2017 was Rs.9182.60 Lakhs.



As predicted by all leading global and economic institutions, India is a bright star in the world and Indian economy is expected to grow at 7.5%. As in the past, Indian chemical industry is expected to perform well.

The company has followed a policy of revamping and re-modelling of the manufacturing capacities by judiciously following combination of productivity improvement of existing plants and manufacturing facilities and creation of new multipurpose and flexible manufacturing infrastructure (capable of producing multiple products and capable of carrying out multiple processes) through fresh capital expenditure.

The Company's speciality chemical business is driven by extensive product R & D and process innovations which are significantly different from those in case of commodity chemicals business. The growth of specialty chemicals is driven by both domestic markets and export markets. The specialty chemicals business is also driven by overall growth of Indian economy. Specialty chemical exports are also growing as India has the potential of becoming an important manufacturing hub for such chemicals. Large parts of the world are under turmoil and while your company has so far not faced any significant disruptions on the customer side, growth in areas such as EU is likely to be muted. Your Company's business has been expanded to various other countries so as to ensure a good geographical spread.

On the process development side, your company continues to focus on the Sulphur and Ethanol chemistry. The expertise gained over the years, especially in the safe handling of hazardous chemicals, is being commercially exploited. Products are being selected based on experience in manufacturing process developed over the years. This includes development of novel process, an improvement in specifications or cost effectiveness owing to backward integration or economies of scale. With specialization in chemistry, rather than a particular end use, your company is attempting to insulate from the business cycles of any one industry. With specialisation in multiple and multipurpose processes and the new products, your Company is endeavoring to insulate from the cyclical fluctuations in the Chemical Industry.

### **Cautionary Statement**

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

### **ADEQUACY OF INTERNAL CONTROLS**

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

### **HUMAN RESOURCE DEVELOPMENT**

As part of ongoing exercise of the restructuring and re-organisation of the Company's business, the Company undertakes periodic comprehensive reviews of its HR policies and amends the same suitably from time to time, to meet the emerging business requirements. Special emphasis is being led continually on recruitment of multi-disciplinary and experienced staff to carry forward the growth objectives of the Company. Regular training programmes are being held for the benefit of the staff and the workmen. Your Company believes



in a collaborative approach and works closely with the unions, and Industrial relations have been cordial all along.

### **BOARD EVALUATION**

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

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

The Board and the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the “Chief Executive Officer” and “Manager” of the Company under the Companies Act, 2013.

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

### **NOMINATION AND REMUNERATION POLICY**

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

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

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

The Management of the Company has taken into consideration the various applicable factors such as qualification, experience, industry standards etc. and evolved an appropriate Remuneration policy.

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

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

### **SEXUAL HARASSMENT**

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

### **MEETINGS**

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



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

#### **AUDIT COMMITTEE**

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

#### **DIRECTORS/KEY MANAGEMENT PERSONNEL**

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

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

During the year, the non-executive Directors of the Company had no pecuniary relationship or transactions with the Company.

The Company continues its operations under the leadership of the Senior Corporate Management Team comprising of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer, Shri D. T. Gokhale, Executive Vice President and Company Secretary and Shri D. K. Sundaram, Chief Finance Officer, who are the Key Managerial Personnel.

#### **WHISTLE BLOWER POLICY**

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

#### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year under review were at arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The Audit Committee and the Board of Directors at their meetings have reviewed and approved all the related party transactions undertaken by the Company during the Financial Year. The related party transactions entered into by the Company are disclosed in Note no. XIII 9 of the Notes to Accounts. All Related Party Transactions are placed/routed through the Audit Committee and the Board of Directors. None of the Directors has any pecuniary relationships or transactions with the Company.

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

#### **RISK MANAGEMENT POLICY**

The Company has formulated a Risk Management Policy which reflects the overall risk management philosophy, the Company's overall approach to risk management, risk assessment, risk mitigation mechanism and the roll and responsibilities for risk management. Risk management forms an integral part of the business planning and review cycle. The Company's Risk Management Policy is designed to provide reasonable assurance that objectives are met by integrating management control into the daily operations, by





ensuring compliance with legal requirements and by safe guarding the integrity of the Company's financial reporting and its related disclosures.

The identification and analysis of and putting in place the process for mitigation of these risks is an ongoing process. The Company has also laid down procedure to inform the Audit Committee and the Board about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks by means of a properly defined frame work. The monthly review meetings of all the functional/departmental heads inter alia discuss the relative risk management issues.

### **INSIDER TRADING**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulation 2015 and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a code of conduct to Regulate, Monitor and Report Trading by Insiders ('Insider Trading Code') and code of Practices and Procedures for Fair Disclosure of unpublished Price Sensitive Information ('Code of Fair Disclosure').

The Insider Trading Code is intended to prevent misuse of unpublished price sensitive information by insiders and connected persons and ensure that the Directors and specified persons of the Company and their dependents shall not derive any benefit or assist others to derive any benefit from access to and possession of price sensitive information about the Company which is not in the public domain, that is to say, insider information.

The code of Fair Disclosure ensures that the affairs of the Company are managed in a fair, transparent and ethical manner keeping in view the need and interest of all the Stakeholders.

### **ENVIRONMENT HEALTH AND SAFETY (EHS)**

The prime endeavor of our Management is to achieve Environment Health and Safety (EHS). Your Company has various EHS management processes and methodologies being deployed and implemented under the EHS to ensure that our employees become more safety conscious . The Company has a system of in- house EHS training for employees and workmen at the factory as also the practice of sending the employees/workmen to various external EHS programmes.

### **RESPONSIBLE CARE®**

Responsible care® is a global voluntary initiative of the Chemical Industry, the objective of which is continuous improvement in the areas of environmental protection, health, safety and security. It is the endeavor of your Company that our products - both raw materials and finished goods - pose no risk to employees, society and environment as well. This is sought to be achieved by minimizing the negative influence of our products along the entire supply chain, right from procurement, storage, and manufacturing right upto sale. Your Company is one of the few in India authorised to use the Responsible care® logo. This has been achieved after extensive site and systems improvement, third party mentoring, and a series of audits. Logo usage validity is upto November 2018, renewable thereafter.

### **REACH**

REACH regulation is adopted by the European Union to improve protection of human health and environment from the risks of that can be posed by the Chemicals. REACH stand for Registration, Evaluation, and Authorisation of all Chemical Substances. Borax Morarji (Europe ) GmbH has registered several products under the REACH Regulations and with merger of BML with DMCC, your company will be able to take advantage of this registration.



## **AUDITORS**

Messers. K.S.Aiyar & Co., Chartered Accountants, holding ICAI Firm Registration Number 100186W, who are the Statutory Auditors of your Company, hold office until the conclusion of this year's Annual General Meeting of the Company.

The Board has recommended the appointment of Messrs Rahul Gautam Divan & Associates, Chartered Accountants, holding ICAI Firm Registration Number 120294W as Statutory Auditors of the Company in place of Messrs. K.S. Aiyar & Co., Chartered Accountants, the existing auditors of the Company, for a period of five years from the conclusion of this 96th Annual General Meeting (AGM) held in 2017 till the conclusion of the 101st Annual General Meeting to be held in 2022. (subject to ratification of their appointment at every AGM).

Messrs Rahul Gautam Divan & Associates, Chartered Accountants, holding ICAI Firm Registration Number 120294W, under Section 139 of the Act, furnished a certificate of its eligibility for appointment. The Members are requested, to approve their appointment as Statutory Auditors and to authorize the Board of Directors to fix their remuneration. In this connection, the attention of the Members is invited to item No.3 of the Notice.

## **COST AUDITOR AND COST AUDIT REPORT**

The Board of Directors, on the recommendation of Audit Committee has appointed Shri S.S. Dongare, Cost Accountant, as Cost Auditor of your Company to audit the cost accounts of the Company for Financial Year 2017-18 at remuneration of Rs. 66,000/- (Rupees Sixty Six Thousand Only) as also the payment of taxes as applicable and re-imburement of actual out-of-pocket expenses incurred in connection with the aforesaid audit. As required under the Companies act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting. In accordance with the requirement of the Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company carries out an audit of cost records (Sulphuric Acid) maintained by the Company every year.

The Cost Audit Report and the Compliance Report of your Company for the Financial Year ended 31st March, 2016, by Shri S.S. Dongare, Cost Accountant, which was due for filing with the Ministry of Corporate Affairs by 30th September, 2016, was duly filed on 05th October, 2016, accepted by the Government as filed in time.

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

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

## **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

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

The Committee met once during the year and due to the average net profit of last three years being negative, your Company is not required to spend any amount towards Corporate Social Responsibility activities during the year under review, is annexed herewith as "Annexure II".



## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Shri A. D. Gupte, FCS No.300, and C.P. No. 1210 to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as “Annexure III” and forms integral part of this Report.

There is no qualification in the report of Secretarial Auditor, for the year under review.

## **PARTICULARS OF EMPLOYEES**

The particulars of employees as required under section 197 and rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been furnished as there are no employees falling within the purview of the provisions of said section and the said rule during the period under review.

Information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in “Annexure IV” to this Report.

## **SUBSIDIARY COMPANY**

Borax Morarji (Europe) GmbH is a 100% wholly owned subsidiary Company in Germany. Primarily it takes care of complying with the German Regulations for exports of Specialty Boron products to Germany and Europe.

In terms of exemption granted by the Ministry of Corporate Affairs vide its order No. 2/2011 dated 8th February, 2011 Balance Sheet of Borax Morarji (Europe) GmbH, Germany is not attached to the accounts of the Company. However, the annual accounts of the subsidiary are available for inspection at the office of the Company and the related detailed information will be made available to the Shareholders when asked for.

## **CONSOLIDATION OF ACCOUNTS**

In pursuance of the mandatory compliance of the Accounting Standard 21, as issued by the Institute of Chartered Accountants of India, the Company has presented Consolidated Financial Statements for the year under report, consolidating its accounts with the accounts of its Wholly Owned Subsidiary Company, viz. Borax Morarji (Europe) GmbH, Germany. A separate report of the Statutory Auditor on the consolidated Financial Statements also forms part of the same.

## **PUBLIC DEPOSITS**

During the year 2016-17, your Company has not accepted/renewed any fixed deposit. Post Merger the unclaimed matured deposits as on 31.03.2017 were Rs.31.69 Lakhs including interest 0.01 Lakhs.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3) (c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2017, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the Directors had 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 affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;



- (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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts have been prepared on a going concern basis;
- (v) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **CORPORATE GOVERNANCE**

Your Company has been practicing the principles of good Corporate Governance over the years and the Board of Directors lay 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 BSE Limited, Mumbai. The Directors and the Management Staff have confirmed their adherence to the provisions of the said code. A separate report on Corporate Governance is annexed as a part of the Annual Report, along with the Auditors' Certificate on its compliance.

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as Annexure-V and forms an integral part of this Report.

### **ACKNOWLEDGEMENTS**

The Directors are thankful to your Company's shareholders, customers, suppliers, and 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 and commitment.

For and on behalf of the Board

LAXMIKUMAR NAROTTAM GOCULDAS  
Chairman

### **Registered Office**

Prospect Chambers, 317/321,  
Dr. Dadabhoy Naoroji Road, Fort,  
Mumbai 400 001.

Date : 10th November, 2017



# ANNEXURE I TO THE DIRECTORS' REPORT

## DISCLOSURES

### A. CONSERVATION OF ENERGY

#### POWER AND FUEL CONSUMPTION

##### FORM A

|   |   | April, 2016 to March<br>2017 | April, 2015 to March,<br>2016 |
|---|---|------------------------------|-------------------------------|
| 1 | Electricity Purchased                   |                              |                               |
|   | Unit (Lac KWH)                          | 69.75                        | 48.41                         |
|   | Total Amount (Rs. Lakhs)                | 562.01                       | 394.79                        |
|   | Rate/Unit (Rs./KWH)                     | 8.06                         | 8.15                          |
| 2 | Furnace Oil                             |                              |                               |
|   | Quantity (K. Litre)                     | 15.959                       |                               |
|   | Total Amount (Rs. Lakhs)                | 4.41                         |                               |
|   | Average Rate (Rs./KL)                   | 27645                        |                               |
|   | Consumption per Tonne of Major Products |                              |                               |
|   | Electricity (Unit – KWH)                |                              |                               |
| 1 | Single Superphosphate                   | –                            | –                             |
|   | Sulphuric Acid 100%                     | 51                           | 51                            |

##### 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 optimization 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 trouble shooting 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

|       |   | April, 2016 to March, 2017 | April, 2015 to March, 2016 |
|-------|---|----------------------------|----------------------------|
| (i)   | Capital   | 35.25                      | 65.45                      |
| (ii)  | Recurring   | 103.40                     | 37.94                      |
| (iii) | Total   | 138.65                     | 103.39                     |
| (iv)  | Total R & D expenditure as a percentage of sales turnover | 0.74%                      | 0.97%                      |

**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 quantity 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/ utilized are as under.

|   | April, 2016 to March<br>2017 | April, 2015 to March,<br>2016 |
|---|------------------------------|-------------------------------|
| <b>EARNINGS IN FOREIGN EXCHANGE:</b>  |                              |                               |
| Export of goods calculated on FOB basis   | 4599.68                      | 3826.39                       |
| Total Foreign Exchange earned   | 4599.68                      | 3826.39                       |
| <b>OUTGO IN FOREIGN EXCHANGE:</b>   |                              |                               |
| (1) VALUE OF IMPORTS CALCULATED ON CIF BASIS<br>Raw Materials and bought outs       | 1224.47                      | -                             |
| (2) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC. | 172.20                       | 111.19                        |
| <b>Total Foreign Exchange outgo</b>   | 1396.67                      | 111.19                        |

For and on behalf of the Board

LAXMIKUMAR NAROTTAM GOCULDAS

Chairman

**Registered Office**

Prospect Chambers, 317/321,  
Dr. Dadabhoy Naoroji Road, Fort,  
Mumbai 400 001.

Date : 10th November, 2017



## ANNEXURE II TO THE DIRECTORS' REPORT

The composition and the functions of the Company's Corporate Social Responsibility (CSR) Committee as contemplated as per Section 135 of the Companies Act, 2013 is as under:

The Company has formed earlier CSR Committee comprising of the following Directors:

Shri Laxmikumar Narottam Goculdas, Chairman

Shri Haridas Tricumdas Kapadia, Member

Shri Madhu Thakorlal Ankleshwaria, Member

Shri Arvind Wasudeo Ketkar, Member

During the previous year the Company reconstituted the CSR Committee comprising of the following Directors:

Ms Mitika Laxmikumar Goculdas, Chairman

Shri Haridas Tricumdas Kapadia, Member

Shri Madhu Thakorlal Ankleshwaria, Member

Shri Arvind Wasudeo Ketkar, Member

The Committee recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local communities and that appropriate attention to the fulfillment of its corporate social responsibilities can enhance overall performance. In structuring its approach to the various aspects of Corporate Social Responsibility, the Company takes into account guidelines and statements issued by stakeholder representatives and other regulatory bodies.

The functions of the said CSR Committee are as under:

- 1) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- 2) Recommend the amount of expenditure to be incurred on the activities referred to in point no (1) above; and
- 3) Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board of the Company shall approve the CSR and disclose the contents of such policy in its report and place the CSR Policy in the Company's website, if any. The Board shall also ensure that the activities included in CSR policy are undertaken by the Company.

The Board shall ensure that Company spends, in every financial year on CSR, 2% of the average net profits of the Company during the three immediately preceding financial years.

Due to the average net profits of last three years being negative, your Company is not required to spend any amount towards Corporate Social Responsibility activities during the year under review.



## ANNEXURE III TO THE DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Dharamsi Morarji Chemical Co. Ltd. (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of The Dharamsi Morarji Chemical Co. Ltd.'s books, papers, minute books, forms and returns filed and other records maintained by the company by means of test checks and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management on various matters including systems and mechanism formed by the Company for compliance under all applicable Acts and Regulations to the Company on which I have relied, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Dharamsi Morarji Chemical Company Ltd. ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of the following to the extent applicable to the Company :

- (i) The Companies Act, 1956 and the Companies Act, 2013 ('the Act') and the rules made thereunder, as applicable;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;





- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – (applicable to the Company with effect from 01.12.2015).
- (vi) The following laws specifically applicable to the Company as intimated to me :
  1. The Electricity Act, 2003
  2. Essential Commodities Act, 1955
  3. Factories Act, 1948
  4. Gratuity Act, 1972
  5. Provision for Bonus Act, 1965
  6. Employees Provident Fund Act, 1952 and Rules
  7. Professional Tax Act, 1975 and Rules
  8. The Environment (Protection) Act, 1986
  9. The Air (Prevention and Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Decisions at the Board Meetings, as represented by the management, were taken unanimously.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit period :

I. The Company made preferential allotment of 588930 Equity shares to two Promoter companies as under on 07/12/2016 :

- |                                    |                          |
|------------------------------------|--------------------------|
| (a) Phoenix Distributors Pvt. Ltd. | 294465 Equity shares and |
| (b) The Natural Gas Co. Pvt. Ltd.  | 294465 Equity shares     |

at the rate of Rs.101.88 per share of Rs.10/- each.

II. The company redeemed on 28/12/2016 6,00,000 8% Redeemable Cumulative non-convertible Preferential shares of Rs.100/- each aggregating to Rs.600 Lakhs at par.

III. The Company had filed a Scheme of Arrangement / Amalgamation between The Dharamsi Morarji Chemical Company Limited (DMCC) and Borax Morarji Limited (BML) with regulatory authorities, pursuant to the Resolution passed by the Board of Directors at their meeting held on 2nd March 2017. The approvals of the Regulatory authorities have been received.

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Place of Signature : Mumbai

Date : 10/11/2017

A.D. GUPTE

C.P. No. : 1210

FCS No. : 300



## Annexure A

To,  
The Members,  
The Dharamsi Morarji Chemical Co. Ltd.,  
Prospect Chambers,  
317/21 Dr. D.N. Road,  
Fort, Mumbai 400 001

My report of even date is to be read along with this letter.

1. Maintenance of secretarial and other records is the responsibility of the management of the company. My responsibility is to express an opinion on these records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the financial and Cost and Income Tax records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place of Signature : Mumbai

Date : 10/11/2017

A.D. GUPTE

C.P. No. : 1210

FCS No. : 300



## ANNEXURE IV TO THE DIRECTORS' REPORT

### REMUNERATION DETAILS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES ( APPOINTMENT AND REMUNEARTION OF MANAGERIAL PERSONNEL) RULES, 2014. ( excluding Borax Morarji Limited)

1. Remuneration paid to the Director's:

- a) The Board of Directors of the Company consists of Two Promoter (Non Executive) Directors and three Independent (Non-Executive) Directors.

All the Directors do not receive any remuneration from the Company other than the sitting fees for their attendance in the meeting.

#### Remuneration to Directors

Details of remuneration (SITTING FEES FOR MEETINGS) paid to non-executive directors during the financial year ended 31st March, 2017 are as below:

| Sr No | Name of Directors                 | Board Meeting | Audit Committee Meeting | Nomination and Remuneration Committee Meeting | Independent Directors Committee Meeting | Corporate Social responsibility Committee Meeting | Equity Share Allotment Committee | Total  |
|-------|-----------------------------------|---------------|-------------------------|---|---|---|----------------------------------|--------|
| 1     | Shri Laxmikumar Narottam Goculdas | 70000         | 50000                   | Nil   | Nil                                     | Nil   | Nil                              | 120000 |
| 2     | Shri H. T. Kapadia                | 70000         | 50000                   | 10000   | 10000                                   | 10000   | 10000                            | 160000 |
| 3     | Shri M. T. Ankleshwaria           | 70000         | 50000                   | 10000   | 10000                                   | 10000   | 10000                            | 160000 |
| 4     | Shri A. W. Ketkar                 | 70000         | Nil                     | 10000   | 10000                                   | 10000   | 10000                            | 110000 |
| 5     | Shri S. T. Shah @                 | 10000         | Nil                     | Nil   | Nil                                     | Nil   | Nil                              | 10000  |
| 6     | Ms Mitika L. Goculdas             | 70000         | Nil                     | Nil   | Nil                                     | 10000   | Nil                              | 80000  |
|       | Total                             | 360000        | 150000                  | 30000   | 30000                                   | 40000   | 30000                            | 640000 |

@ Since Resigned w.e.f. 10.08.2016

The ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17.

Not Applicable as the directors are not paid remuneration from the Company other than the sitting fees.

2. Percentage increase in remuneration of Chief Executive Officer, Company Secretary and Chief Finance Officer of the Company during the financial year ended 31st March, 2017 are as below:

The percentage increase in the remuneration of the Chief Executive Officer, Company Secretary and Chief Finance Officer of the Company during the financial year ended 31st March, 2017 is 17.99%.

3. Percentage increase in the median remuneration of employees of the Company during the financial year ended 31st March, 2017 is 14.69%
4. The number of permanent employees on the rolls of the Company as on 31st March, 2017 are 260.
5. The explanation on the relationship between average increase in remuneration and Company performance:

The percentage increase in salary is in line with the market situation, business performance, financial position of the Company.



6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Company's ideology, business performance, financial position, merit increases and annual bonus pay outs of its employees including Key Managerial Personnel are directly linked to individual performance as well as the Company.

7. Variations in the market capitalisation of the Company, price earnings ratio as at the Closing date of the year ended 31st March, 2017 and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of Listed Companies:

|                       | As on 31.03.2017<br>(Rs. In Lakhs) | As on 31.03.2016<br>(Rs. In Lakhs) |
|-----------------------|------------------------------------|------------------------------------|
| Market Capitalisation | 20863.647                          | 12127.586                          |

Price Earnings ratio of the Company was 13.58 as at 31st March, 2017 (post merger) and was 10.72 as at 31st March, 2016. The company has not come out with public offer of equity shares. Hence the details of the same are not applicable.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase made in the salaries of employees other than the Managerial Personnel in the period was 17.76% whereas the average increase in the managerial remuneration was 7.92%.

9. The Key parameters for any variable component of remuneration availed by the Directors:

Not applicable as there are no Executive Directors during the financial year ended 31st March, 2017.

10. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director of the Company during the financial year ended 31st March, 2017. Not Applicable

11. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.



## ANNEXURE V TO THE DIRECTORS' REPORT FORM NO. MGT-9

### Extract of annual return as on the financial year ended on 31.03.2017 (excluding Borax Morarji Limited)

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS :**

- |       |   |   |   |
|-------|---|---|---|
| (i)   | CIN   | : | L24110MH1919PLC000564   |
| (ii)  | Registration date   | : | 25/09/1919  |
| (iii) | Name of the company   | : | The Dharamsi Morarji Chemical Co. Ltd.  |
| (iv)  | Category/sub-category of the company                                      | : | Company Limited by Shares /<br>Indian Non-Government Company  |
| (v)   | Address of the registered office and contact details                      | : | Prospect Chambers, 317/321,<br>Dr. D.N. Road, Fort, Mumbai 400001<br>Maharashtra<br>Tel. 022 22048881-2-3<br>Fax : 022 22813657<br>www.dmcc.com<br>dgokhale@dmcc.com  |
| (vi)  | Whether listed company  | : | Yes – on BSE Limited  |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | : | Link Intime India Pvt. Ltd.<br>C-101, 247 Park,<br>LBS Marg, Vikhroli (W)<br>Mumbai 400 083<br>Maharashtra<br>Tel. : +9122-49186270<br>Fax : +91 22 49186060<br>E-mail:rnt.helpdesk@linkintime.co.in<br>Website: linkintime.co.in |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company are :

| Sr.No. | Name and Description of main products/services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1.     | Speciality Chemicals                           | 202                              | 60.89                              |
| 2.     | Commodity Chemicals                            | 201                              | 35.87                              |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (post merger)**

| Sr.No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/ associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1.     | Borax Morarji (Europe) GmbH     | Nil     | Subsidiary                     | 100              |                    |



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise share holding

| Category of shareholders                            | No. of shares held at the Beginning of the year |          |          |                   | No of Shares held at the End of the year |          |          |                   | % Change During The year |
|---|---|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
|   | Demat   | Physical | Total    | % of Total Shares | Demat                                    | Physical | Total    | % of Total Shares |                          |
| <b>A. Promoters</b>                                 |   |          |          |                   |  |          |          |                   |                          |
| (1) Indian  |   |          |          |                   |  |          |          |                   |                          |
| (a) Individual/HUF                                  | 78911   | 73350    | 152261   | 0.71              | 78911                                    | 73350    | 152261   | 0.70              | (0.01)                   |
| (b) Central Govt.                                   | -   | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| (c) State Govt(s)                                   | -   | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| (d) Bodies Corp.                                    | 2096801   | 3000     | 2099801  | 9.88              | 2789206                                  | 3000     | 2792206  | 12.78             | 2.90                     |
| (e) Banks/FI  | -   | -        | -        | -                 | -  | -        | -        | -                 | -                        |
| (f) Any Other                                       |   |          |          |                   |  |          |          |                   |                          |
| Sub-total(A)(1)                                     | 2175712   | 76350    | 2252062  | 10.59             | 2868117                                  | 76350    | 2944467  | 13.48             | 2.89                     |
| (2) Foreign   |   |          |          |                   |  |          |          |                   |                          |
| (a) NRIs - Individuals                              | 8107109   | 600      | 8107709  | 38.14             | 8107109                                  | 600      | 8107709  | 37.11             | (1.03)                   |
| (b) Other - Individuals                             |   |          |          |                   |  |          |          |                   |                          |
| (c) Bodies Corp.                                    |   |          |          |                   |  |          |          |                   |                          |
| (d) Banks/FI  |   |          |          |                   |  |          |          |                   |                          |
| (e) Any Other                                       |   |          |          |                   |  |          |          |                   |                          |
| Sub-total(A)(2)                                     |   |          |          |                   |  |          |          |                   |                          |
| Total shareholding of Promoter<br>(A)=(A)(1)+(A)(2) | 10282821  | 76950    | 10359771 | 48.73             | 10975226                                 | 76950    | 11052176 | 50.59             | 1.86                     |
| <b>B. Public Shareholding</b>                       |   |          |          |                   |  |          |          |                   |                          |
| <b>I. Institutions</b>                              |   |          |          |                   |  |          |          |                   |                          |
| (a) Mutual Funds/UTI                                | 307133  | 4304     | 311437   | 1.47              | 309859                                   | 2100     | 311959   | 1.43              | (0.04)                   |
| (b) Banks/FI  | 132910  | 303546   | 436456   | 2.05              | 303546                                   | 1003     | 304549   | 1.39              | (0.66)                   |
| (c) Central Govt.                                   |   |          |          |                   |  |          |          |                   |                          |
| (d) State Govt(s)                                   |   |          |          |                   |  |          |          |                   |                          |
| (e) Venture Capital Funds                           | -   | 200      | 200      | 0.00              | 0  | 0        | 0        | 0.00              | 0.00                     |
| (f) Insurance Companies                             |   |          |          |                   |  |          |          |                   |                          |
| (g) FIIs  |   |          |          |                   |  |          |          |                   |                          |
| (h) Foreign Venture Capital Funds                   |   |          |          |                   |  |          |          |                   |                          |
| (i) Others (specify)                                |   |          |          |                   |  |          |          |                   |                          |
| Sub-total(B)(1)                                     | 440043  | 308050   | 748093   | 3.52              | 308458                                   | 308050   | 616508   | 2.82              | (0.70)                   |
| <b>2. Non-Institutions</b>                          |   |          |          |                   |  |          |          |                   |                          |
| (a) Bodies Corp.                                    | 950772  | 22172    | 972944   | 4.58              | 790493                                   | 19602    | 810095   | 3.71              | (0.87)                   |
| i. Indian   |   |          |          |                   |  |          |          |                   |                          |
| ii. Overseas  |   |          |          |                   |  |          |          |                   |                          |



| Category of shareholders   | No. of shares held at the Beginning of the year |          |          |                   | No of Shares held at the End of the year |          |          |                   | % Change During The year |
|--|---|----------|----------|-------------------|--|----------|----------|-------------------|--------------------------|
|  | Demat   | Physical | Total    | % of Total Shares | Demat                                    | Physical | Total    | % of Total Shares |                          |
| (b) Individuals  |   |          |          |                   |  |          |          |                   |                          |
| i. Individual shareholders holding nominal share capital upto Rs.1 Lakh          | 3510052   | 785497   | 4295549  | 20.21             | 3786930                                  | 761100   | 4548030  | 20.82             | 0.61                     |
| ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakh | 3374709   | 99509    | 3474218  | 16.34             | 3163199                                  | 99509    | 3262708  | 14.93             | (1.41)                   |
| (c) Others (HUF specify)   | 686536  | -        | 686536   | 3.23              | 584589                                   | 0        | 584589   | 2.68              | (0.55)                   |
| i. Clearing Members  | 131501  | -        | 131501   | 0.62              | 414043                                   | 0        | 414043   | 1.90              | 1.28                     |
| ii. Non Resident Indians (NRI)   | 170249  | 80097    | 250346   | 1.18              | 170477                                   | 79336    | 249813   | 1.14              | (0.04)                   |
| iii. Non Resident Indians (NRN)  | 208170  | 24914    | 233084   | 1.09              | 173096                                   | 24914    | 198010   | 0.91              | (0.18)                   |
| iv. Trusts   | 105696  | -        | 105696   | 0.50              | 110696                                   | 0        | 110696   | 0.50              | 0.00                     |
| v. Others Foreign Nationals  | 83  | -        | 83       | 0.00              | 83                                       | 0        | 83       | 0.00              | 0.00                     |
| Sub-total (B)(2)   | 9137768   | 1012189  | 10149957 | 47.75             | 9193606                                  | 984461   | 10178067 | 46.59             | (1.16)                   |
| Total Public Shareholding (B) = (B)(1) + (B)(2)                                  | 9577811   | 1320239  | 10898050 | 51.27             | 9502064                                  | 1292511  | 10794575 | 49.41             | (1.86)                   |
| C. Shares held by Custodian for GDRs & ADRs                                      | Nil   | Nil      | Nil      | 0.00              | Nil                                      | Nil      | Nil      | 0.00              | 0.00                     |
| Grand Total (A+B+C)  | 19860632  | 1397189  | 21257821 | 100%              | 20477290                                 | 1369461  | 21846751 | 100               | 0.00                     |

(ii) Shareholding of promoters

| Sr. No. | Shareholder's Name             | Shareholding at the beginning of the year |                                  |                                  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year shares |
|---------|--------------------------------|---|----------------------------------|----------------------------------|-------------------------------------|----------------------------------|--|---|
|         |                                | No. of shares                             | % of total shares of the company | % of total shares of the company | No. of shares                       | % of total shares of the company | % of shares pledged/ encumbered total shares |   |
| 1.      | Bimal Lalitsingh Goculdas      | 3673                                      | 0.02                             | Nil                              | 3673                                | 0.02                             | Nil  | 0.00  |
| 2.      | Sonali B. Goculdas             | 33808                                     | 0.16                             | Nil                              | 33808                               | 0.16                             | Nil  | 0.00  |
| 3.      | Harisingh Narottamdas Goculdas | 2828                                      | 0.01                             | Nil                              | 2828                                | 0.01                             | Nil  | 0.00  |





|     |                                    |          |       |     |          |       |     |        |
|-----|------------------------------------|----------|-------|-----|----------|-------|-----|--------|
| 4.  | Kosan Industries Pvt. Ltd.         | 3000     | 0.01  | Nil | 3000     | 0.01  | Nil | 0.00   |
| 5.  | Lalit N. Goculdas                  | 2121     | 0.01  | Nil | 2121     | 0.01  | Nil | 0.00   |
| 6.  | Mulraj Dwarkadas Goculdas          | 17149    | 0.08  | Nil | 17149    | 0.08  | Nil | 0.00   |
| 7.  | Mulraj Dwarkadas Goculdas          | 16664    | 0.08  | Nil | 16664    | 0.08  | Nil | 0.00   |
| 8.  | Radha Lalit Goculdas               | 3678     | 0.02  | Nil | 3678     | 0.02  | Nil | 0.00   |
| 9.  | Ranchoddas Mathradas Goculdas      | 17412    | 0.08  | Nil | 17412    | 0.08  | Nil | 0.00   |
| 10. | Ranchoddas Mathradas Goculdas      | 22125    | 0.10  | Nil | 22125    | 0.10  | Nil | 0.00   |
| 11. | Bharati Laxmikumar Goculdas        | 20889    | 0.10  | Nil | 20889    | 0.10  | Nil | 0.00   |
| 12. | The Natural Gas Co.Pvt. Ltd.       | 785657   | 3.70  | Nil | 1080122  | 4.94  | Nil | 1.24   |
| 13. | Phoenix Distributors Pvt. Ltd.     | 730295   | 3.44  | Nil | 1024760  | 4.69  | Nil | 1.25   |
| 14. | Bharati Laxmikumar Goculdas        | 265731   | 1.25  | Nil | 265731   | 1.22  | Nil | (0.03) |
| 15. | Jasraj Trading Company             | 124849   | 0.59  | Nil | 124849   | 0.57  | Nil | (0.02) |
| 16. | L.P. Gas Equipment Private Ltd.    | 456000   | 2.15  | Nil | 456000   | 2.09  | Nil | (0.06) |
| 17. | Bimal Lalitsingh Goculdas          | 32803    | 0.15  | Nil | 32803    | 0.15  | Nil | 0.00   |
| 18. | Laxmikumar Narottam Goculdas       | 7821089  | 36.79 | Nil | 7821089  | 35.80 | Nil | (0.99) |
| 19. | Santanalaxmi Investments Pvt. Ltd. | Nil      | Nil   | Nil | 103475   | 0.47  | Nil | 0.47   |
|     | Total                              | 10359771 | 48.73 | Nil | 11052176 | 50.59 | Nil | 1.86   |

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

|            |  |                      |                 | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------|--|----------------------|-----------------|---|----------------------------------|---|----------------------------------|
|            |  |                      |                 | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|            | <b>At the beginning of the year as on 01/04/2016</b> |                      |                 | 10359771                                  | 48.73                            | 10359771                                | 48.73                            |
| Additions: | <b>1. The Natural Gas Co. Pvt.Ltd.</b>               |                      |                 |   |                                  |   |                                  |
|            | As on 1/4/2016                                       | Increased On 7/12/16 | As on 31/3/2017 |   |                                  |   |                                  |
|            | 785657   | 294465               | 1080122         |   |                                  | 294465                                  | 1.24%                            |
|            | 3.70%  | 1.24%                | 4.94%           |   |                                  |   |                                  |
|            | <b>2. Phoenix Distributors Pvt.Ltd.</b>              |                      |                 |   |                                  |   |                                  |
|            | 730295   | 294465               | 1024760         |   |                                  | 294465                                  | 1.25%                            |



|       |   |        |        |  |  |          |         |
|-------|---|--------|--------|--|--|----------|---------|
|       | 3.44%   | 1.25%  | 4.69%  |  |  |          |         |
|       | <b>3. Santanalaxmi Investments Pvt. Ltd. (21.03.2017)</b> |        |        |  |  |          |         |
|       | Nil   | 103475 | 103475 |  |  | 103475   | 0.47%   |
|       | 0.00  | 0.47%  | 0.47%  |  |  |          |         |
|       | Subtotal of the % change                                  |        |        |  |  |          | 2.96%   |
| Less: | Change in % only due to the issue of 588930 Equity shares |        |        |  |  |          | (1.10%) |
|       | Changes effected to Promoter Group holding                |        |        |  |  |          | 1.86%   |
|       | At the End of the year – As on 31-03.2017                 |        |        |  |  | 11052176 | 50.59 @ |

@ Percentage changed due to issue of 588930 Equity shares to the Promoters on a preferential basis (Equity share capital as on 31/03/2016 was 21257821 Equity share capital as on 31/03/2017 is 21846751).

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) :

| Sr. No. | For Each of the Top 10 Shareholders (*)   | Date       | Increase or Decrease / Reasons | Shareholding at the beginning of the year 01/04/2016 |                                  | Shareholding at the end of the year 31/03/2017 |                    |                                  |
|---------|---|------------|--------------------------------|--|----------------------------------|--|--------------------|----------------------------------|
|         |   |            |                                | No. of shares  | % of total shares of the company | No. of shares                                  | No. of shares held | % of total shares of the company |
| 1.      | Urvashi D. Morarji                        |            |                                | 536026   | 2.52                             |  |                    | 2.52                             |
|         |   | 13/01/2017 | Decrease/Transfer              |  |                                  | -100000  | 436026             |                                  |
|         |   | 20/01/2017 | Decrease/Transfer              |  |                                  | -100000  | 336026             |                                  |
|         |   | 03/02/2017 | Decrease/Transfer              |  |                                  | -100000  | 236026             | 1.08                             |
| 2.      | SBI Pipe Fund - 1                         |            |                                | 307133   | 1.44                             |  |                    | 1.44                             |
|         |   | 08/04/2016 | Decrease/Transfer              |  |                                  | -522   | 307655             | 1.40                             |
| 3.      | Ravi Pareek                               |            |                                | 212843   | 1.00                             |  |                    | 1.00                             |
|         |   | 22/04/2016 | Decrease/Transfer              |  |                                  | -3161  | 216004             |                                  |
|         |   | 29/04/2016 | Decrease/Transfer              |  |                                  | -1552  | 217556             | 0.99                             |
| 4.      | Industrial Development Bank of India Ltd. |            |                                | 173451   | 0.82                             | 173451   |                    | 0.82                             |
| 5.      | J.M. Financial Services Ltd.              |            | 1000                           | 0.01   |                                  |  | 0.01               |                                  |
|         |   | 13/05/2016 | Increase/Transfer              |  |                                  | 200  | 1200               |                                  |
|         |   | 20/05/2016 | Decrease/Transfer              |  |                                  | -200   | 1000               |                                  |
|         |   | 17/06/2016 | Increase/Transfer              |  |                                  | 1212   | 2212               |                                  |
|         |   | 24/06/2016 | Decrease/Transfer              |  |                                  | -191   | 2021               |                                  |
|         |   | 30/06/2016 | Decrease/Transfer              |  |                                  | -621   | 1400               |                                  |
|         |   | 08/07/2016 | Increase/Transfer              |  |                                  | 1957   | 3357               |                                  |
|         |   | 15/07/2016 | Decrease/Transfer              |  |                                  | -2000  | 1357               |                                  |



| Sr. No. | For Each of the Top 10 Shareholders (*) | Date       | Increase or Decrease / Reasons | Shareholding at the beginning of the year 01/04/2016 |                                  | Shareholding at the end of the year 31/03/2017 |                    |                                  |
|---------|---|------------|--------------------------------|--|----------------------------------|--|--------------------|----------------------------------|
|         |   |            |                                | No. of shares  | % of total shares of the company | No. of shares                                  | No. of shares held | % of total shares of the company |
|         |   | 29/07/2016 | Decrease/Transfer              |  |                                  | -357   | 1000               |                                  |
|         |   | 12/08/2016 | Increase/Transfer              |  |                                  | 4000   | 5000               |                                  |
|         |   | 19/08/2016 | Decrease/Transfer              |  |                                  | -4000  | 1000               |                                  |
|         |   | 26/08/2016 | Increase/Transfer              |  |                                  | 5200   | 6200               |                                  |
|         |   | 02/09/2016 | Increase/Transfer              |  |                                  | 4986   | 11186              |                                  |
|         |   | 09/09/2016 | Decrease/Transfer              |  |                                  | -6653  | 4533               |                                  |
|         |   | 16/09/2016 | Decrease/Transfer              |  |                                  | -4333  | 200                |                                  |
|         |   | 23/09/2016 | Increase/Transfer              |  |                                  | 100  | 300                |                                  |
|         |   | 30/09/2016 | Increase/Transfer              |  |                                  | 41000  | 41300              |                                  |
|         |   | 07/10/2016 | Increase/Transfer              |  |                                  | 43332  | 84632              |                                  |
|         |   | 14/10/2016 | Increase/Transfer              |  |                                  | 9667   | 94299              |                                  |
|         |   | 21/10/2016 | Decrease/Transfer              |  |                                  | -352   | 93947              |                                  |
|         |   | 28/10/2016 | Increase/Transfer              |  |                                  | 1927   | 95874              |                                  |
|         |   | 04/11/2016 | Decrease/Transfer              |  |                                  | -3374  | 92500              |                                  |
|         |   | 11/11/2016 | Increase/Transfer              |  |                                  | 500  | 93000              |                                  |
|         |   | 18/11/2016 | Decrease/Transfer              |  |                                  | -200   | 92800              |                                  |
|         |   | 02/12/2016 | Decrease/Transfer              |  |                                  | -668   | 92132              |                                  |
|         |   | 09/12/2016 | Decrease/Transfer              |  |                                  | -1032  | 91100              |                                  |
|         |   | 16/12/2016 | Increase/Transfer              |  |                                  | 10018  | 101118             |                                  |
|         |   | 23/12/2016 | Increase/Transfer              |  |                                  | 9497   | 110615             |                                  |
|         |   | 30/12/2016 | Increase/Transfer              |  |                                  | 1710   | 112325             |                                  |
|         |   | 06/01/2017 | Increase/Transfer              |  |                                  | 8376   | 120701             |                                  |
|         |   | 13/01/2017 | Increase/Transfer              |  |                                  | 29499  | 150200             |                                  |
|         |   | 20/01/2017 | Increase/Transfer              |  |                                  | 4881   | 155081             |                                  |
|         |   | 27/01/2017 | Increase/Transfer              |  |                                  | 14949  | 170030             |                                  |
|         |   | 03/02/2017 | Increase/Transfer              |  |                                  | 1720   | 171750             |                                  |
|         |   | 10/02/2017 | Decrease/Transfer              |  |                                  | -1418  | 170332             |                                  |
|         |   | 17/02/2017 | Increase/Transfer              |  |                                  | 758  | 171090             |                                  |
|         |   | 24/02/2017 | Increase/Transfer              |  |                                  | 726  | 171816             |                                  |
|         |   | 03/03/2017 | Decrease/Transfer              |  |                                  | -1045  | 170771             |                                  |
|         |   | 10/03/2017 | Increase/Transfer              |  |                                  | 5012   | 175783             |                                  |
|         |   | 17/03/2017 | Decrease/Transfer              |  |                                  | -5093  | 170690             |                                  |
|         |   | 31/03/2017 | Decrease/Transfer              |  |                                  | -84  | 170606             | 0.78                             |
| 6.      | Bharat Jamnadas Dattani                 |            |                                | 211356   | 0.99                             |  |                    | 0.99                             |
|         |   | 02/09/2016 | Decrease/Transfer              |  |                                  | -15990   | 195366             |                                  |
|         |   | 30/09/2016 | Decrease/Transfer              |  |                                  | -7000  | 188366             |                                  |



| Sr. No. | For Each of the Top 10 Shareholders (*) | Date       | Increase or Decrease / Reasons | Shareholding at the beginning of the year 01/04/2016 |                                  | Shareholding at the end of the year 31/03/2017 |                    |                                  |
|---------|---|------------|--------------------------------|--|----------------------------------|--|--------------------|----------------------------------|
|         |   |            |                                | No. of shares  | % of total shares of the company | No. of shares                                  | No. of shares held | % of total shares of the company |
|         |   | 07/10/2016 | Decrease/Transfer              |  |                                  | -30000   | 158366             |                                  |
|         |   | 14/10/2016 | Decrease/Transfer              |  |                                  | -8000  | 150366             |                                  |
|         |   | 06/01/2017 | Decrease/Transfer              |  |                                  | -2250  | 148116             | 0.68                             |
| 7.      | Tradelink Exim India Pvt. Ltd.          |            |                                | 0  | 0.00                             |  |                    | 0.008.                           |
| 8.      | Abhijit Akella                          |            |                                | 113000   | 0.53                             |  |                    | 0.53                             |
|         |   |            |                                |  |                                  | 113000   | 113000             | 0.53                             |
| 9.      | Dena Bank                               |            |                                | 111610   | 0.53                             |  |                    | 0.53                             |
|         |   |            |                                |  |                                  | 111610   | 111610             | 0.51                             |
| 10.     | Bharat Jamnadas                         |            |                                | 126652   | 0.60                             |  |                    | 0.49                             |
|         |   | 02/09/2016 | Decrease/Transfer              |  |                                  | -14380   | 112272             |                                  |
|         |   | 30/09/2016 | Decrease/Transfer              |  |                                  | -13774   | 98498              |                                  |
|         |   | 07/10/2016 | Decrease/Transfer              |  |                                  | -11000   | 87498              | 0.40                             |
| 11.     | Raju Bhandari                           |            |                                | 143465   | 0.67                             |  |                    | 0.67                             |
|         |   |            |                                | 143465   | 0.67                             |  |                    | 0.67                             |
|         |   | 01/04/2016 | Decrease/Transfer              |  |                                  | -400   | 143065             |                                  |
|         |   | 08/04/2016 | Decrease/Transfer              |  |                                  | -200   | 142865             |                                  |
|         |   | 22/04/2016 | Decrease/Transfer              |  |                                  | -100   | 142765             |                                  |
|         |   | 29/04/2016 | Decrease/Transfer              |  |                                  | -150   | 142615             |                                  |
|         |   | 06/05/2016 | Decrease/Transfer              |  |                                  | -100   | 142515             |                                  |
|         |   | 20/05/2016 | Increase/Transfer              |  |                                  | 398  | 142913             |                                  |
|         |   | 10/06/2016 | Increase/Transfer              |  |                                  | 217  | 143130             |                                  |
|         |   | 17/06/2016 | Increase/Transfer              |  |                                  | 400  | 143530             |                                  |
|         |   | 24/06/2016 | Increase/Transfer              |  |                                  | 1146   | 144676             |                                  |
|         |   | 30/06/2016 | Increase/Transfer              |  |                                  | 808  | 145484             |                                  |
|         |   | 08/07/2016 | Increase/Transfer              |  |                                  | 3771   | 149255             |                                  |
|         |   | 05/07/2016 | Increase/Transfer              |  |                                  | 1000   | 150255             |                                  |
|         |   | 22/07/2016 | Increase/Transfer              |  |                                  | 11590  | 161845             |                                  |
|         |   | 29/07/2016 | Increase/Transfer              |  |                                  | 1734   | 163579             |                                  |
|         |   | 05/08/2016 | Increase/Transfer              |  |                                  | 1050   | 164629             |                                  |
|         |   | 12/08/2016 | Increase/Transfer              |  |                                  | 560  | 165189             |                                  |
|         |   | 19/08/2016 | Increase/Transfer              |  |                                  | 3689   | 168878             |                                  |
|         |   | 26/08/2016 | Decrease/Transfer              |  |                                  | -550   | 168328             |                                  |
|         |   | 02/09/2016 | Increase/Transfer              |  |                                  | 3146   | 171474             |                                  |
|         |   | 09/09/2016 | Decrease/Transfer              |  |                                  | -60  | 171414             |                                  |
|         |   | 16/09/2016 | Increase/Transfer              |  |                                  | 852  | 172266             |                                  |
|         |   | 23/09/2016 | Increase/Transfer              |  |                                  | 48   | 172314             |                                  |



| Sr. No. | For Each of the Top 10 Shareholders (*)              | Date       | Increase or Decrease / Reasons | Shareholding at the beginning of the year 01/04/2016 |                                  | Shareholding at the end of the year 31/03/2017 |                    |                                  |
|---------|--|------------|--------------------------------|--|----------------------------------|--|--------------------|----------------------------------|
|         |  |            |                                | No. of shares  | % of total shares of the company | No. of shares                                  | No. of shares held | % of total shares of the company |
|         |  | 30/09/2016 | Decrease/Transfer              |  |                                  | -4173  | 168141             |                                  |
|         |  | 07/10/2016 | Decrease/Transfer              |  |                                  | -606   | 167535             |                                  |
|         |  | 14/10/2016 | Increase/Transfer              |  |                                  | 281  | 167816             |                                  |
|         |  | 21/10/2016 | Decrease/Transfer              |  |                                  | -1093  | 166723             |                                  |
|         |  | 04/11/2016 | Decrease/Transfer              |  |                                  | -23682   | 143041             |                                  |
|         |  | 11/11/2016 | Decrease/Transfer              |  |                                  | -9228  | 133813             |                                  |
|         |  | 18/11/2016 | Decrease/Transfer              |  |                                  | -7768  | 126045             |                                  |
|         |  | 25/11/2016 | Decrease/Transfer              |  |                                  | -10893   | 115152             |                                  |
|         |  | 02/12/2016 | Decrease/Transfer              |  |                                  | -3881  | 111271             |                                  |
|         |  | 09/12/2016 | Decrease/Transfer              |  |                                  | -1000  | 110271             |                                  |
|         |  | 16/12/2016 | Decrease/Transfer              |  |                                  | -300   | 109971             |                                  |
|         |  | 23/12/2016 | Decrease/Transfer              |  |                                  | -750   | 109221             |                                  |
|         |  | 30/12/2016 | Decrease/Transfer              |  |                                  | -5656  | 103565             |                                  |
|         |  | 06/01/2017 | Decrease/Transfer              |  |                                  | -1350  | 102215             |                                  |
|         |  | 13/01/2017 | Decrease/Transfer              |  |                                  | -2843  | 99372              |                                  |
|         |  | 27/01/2017 | Decrease/Transfer              |  |                                  | -3600  | 95772              |                                  |
|         |  | 03/02/2017 | Decrease/Transfer              |  |                                  | -2050  | 93722              |                                  |
|         |  | 10/25/2017 | Decrease/Transfer              |  |                                  | -750   | 92972              |                                  |
|         |  | 17/02/2017 | Decrease/Transfer              |  |                                  | -10760   | 82212              |                                  |
|         |  | 24/02/2017 | Decrease/Transfer              |  |                                  | -600   | 81612              |                                  |
|         |  | 03/03/2017 | Decrease/Transfer              |  |                                  | -6530  | 75082              |                                  |
|         |  | 10/03/2017 | Decrease/Transfer              |  |                                  | -800   | 74282              |                                  |
|         |  | 17/03/2017 | Decrease/Transfer              |  |                                  | -360   | 73922              |                                  |
|         |  | 24/03/2017 | Decrease/Transfer              |  |                                  | -6664  | 67258              |                                  |
|         |  | 31/03/2017 | Decrease/Transfer              |  |                                  | -8736  | 58522              | 0.27                             |
| 12.     | State Bank of India, Personal Banking Branch, Mumbai |            |                                | 132155   | 0.62                             |  |                    | 0.62                             |
|         |  | 30/06/2016 | Decrease/Transfer              |  |                                  | -19337   | 112818             |                                  |
|         |  | 01/07/2016 | Decrease/Transfer              |  |                                  | -112770  | 48                 | 0.0002                           |
| 13.     | Tanvi J. Mehta                                       |            |                                | 120000   | 0.56                             |  |                    | 0.56                             |
|         |  | 13/05/2016 | Decrease/Transfer              |  |                                  | -120000  | 0                  | 0.000                            |

(\*) The Shares of the Company are traded on a daily basis and hence the date wise increase/ decrease in shareholding is not indicated.

Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.



(v) Shareholding of Directors and Key Managerial Personnel :

| Sr. No. | Name of Director / KMP            | Date      | Reason | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-----------------------------------|-----------|--------|---|----------------------------------|---|----------------------------------|
|         |                                   |           |        | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.      | Shri Laxmikumar Narottam Goculdas | 1/4/2016  |        | 7821089                                   | 36.79                            |   |                                  |
|         |                                   | 31/3/2017 |        | 7821089                                   | 35.80                            | 7821089                                 | 35.80                            |
| 2.      | Shri Haridas Tricumdas Kapadia    | 1/4/2016  |        | 6348                                      | 0.03                             |   |                                  |
|         |                                   | 31/3/2017 |        | 6348                                      | 0.03                             | 6348                                    | 0.03                             |
| 3.      | Shri Arvind Wasudeo Ketkar        | 1/4/2016  |        | 324                                       | 0.01                             |   |                                  |
|         |                                   | 31/3/2017 |        | 324                                       | 0.01                             | 324                                     | 0.01                             |
| 4.      | Shri Bimal Lalitsingh Goculdas    | 1/4/2016  |        | 36476                                     | 0.17                             |   |                                  |
|         |                                   | 31/3/2017 |        | 36476                                     | 0.17                             | 36476                                   | 0.17                             |
| 5.      | Shri Dilip Trimbak Gokhale        | 1/4/2016  |        | 150                                       | 0.00                             |   |                                  |
|         |                                   | 31/3/2017 |        | 150                                       | 0.00                             | 150                                     | 0.00                             |

@ Percentage changed due to issue of 588930 Equity shares to the Promoters on a preferential basis (Equity share capital as on 31/03/2016 was 21257821 Equity share capital as on 31/03/2017 is 21846751).

V. INDEBTEDNESS

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| I. Principal Amount                                 | 680.70                           | 1032.62         | 134.00   | 1847.32            |
| II. Interest due but not paid                       | -                                | 26.40           | 3.23     | 29.63              |
| III. Interest accrued but not due                   | -                                | -               | -        | -                  |
| Total (I + II + III)                                | 680.70                           | 1059.02         | 137.23   | 1876.95            |
| Change in Indebtedness during the financial year    |                                  |                 |          |                    |
| • Addition  | -                                | -               | 0.13     | 10.13              |
| • Reduction   | (241.20)                         | (868.28)        | -        | (1109.48)          |
| Net Change  | (241.20)                         | (868.28)        | 0.13     | (1109.35)          |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| i. Principal Amount                                 | 439.50                           | 182.30          | 134.00   | 755.80             |
| ii. Interest due but not paid                       | -                                | 8.44            | 3.36     | 11.80              |
| iii. Interest accrued but not due                   | -                                | -               | -        | -                  |
| Total (I + ii + iii)                                | 439.50                           | 190.74          | 137.36   | 767.60             |



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

| Sr. No. | Particulars of Remuneration  | Name of MD/WTD/Manager                          |  | Total Amount<br>In Rs. |
|---------|--|---|--|------------------------|
|         |  | Shri Bimal Lalitsingh Goculdas<br>CEO & Manager |  |                        |
| 1.      | Gross salary   |   |  |                        |
|         | (a) Salary as per provisions contained in section 17(l) of the Income-tax Act, 1961. | 4860000   |  | 4860000                |
|         | (b) Value of perquisites under section 17(2) Income-tax Act, 1961.                   | 307150  |  | 307150                 |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961               | -   |  | -                      |
| 2.      | Stock option   | -   |  | -                      |
| 3.      | Sweat equity   | -   |  | -                      |
| 4.      | Commission   | -   |  | -                      |
|         | as % of profit   | -   |  | -                      |
|         | others, specify....  | -   |  | -                      |
| 5.      | Others (Please specify)- Retirals  | 585000  |  | 585000                 |
|         | <b>Total (A)</b>   | <b>5752150</b>                                  |  | <b>5752150</b>         |

### B. Remuneration to other directors (Refer Corporate Governance Report for details):

| Sr. No. | Particulars of Remuneration                          | Name of Directors                |                                 |                                |                          | Total Amount |
|---------|--|----------------------------------|---------------------------------|--------------------------------|--------------------------|--------------|
|         |  | Mr.Haridas Tricumdas Kapadia     | Mr.Madhu Thakorlal Ankleshwaria | Mr. Arvind Wasudeo Ketkar      | Mr.Shantilal Tejshi Shah |              |
| 1.      | Independent Directors                                |                                  |                                 |                                |                          |              |
|         | • Fee for attending Board/ Committee meetings        | 160000                           | 160000                          | 110000                         | 10000                    | 440000       |
|         | • Commission   | -                                | -                               | -                              | -                        | -            |
|         | • Others, please specify                             | -                                | -                               | -                              | -                        | -            |
|         | Total (B) (I)  | 160000                           | 160000                          | 110000                         | 10000                    | 440000       |
| 2.      | Other Non-Executive Directors                        | Mr. Laxmikumar Narottam Goculdas |                                 | Ms. Mitika Laxmikumar Goculdas |                          |              |
|         | • Fee for attending Board/ Committee meetings        | 120000                           |                                 | 80000                          |                          | 200000       |
|         | • Commission   | -                                |                                 | -                              |                          | -            |
|         | • Others, please specify                             | -                                |                                 | -                              |                          | -            |
|         | Total (B) (2)  | 120000                           |                                 | 80000                          |                          | 200000       |
|         | Total (B) = (1 + 2)<br>Total Managerial Remuneration |                                  |                                 |                                |                          | 640000       |



**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

| Sr. No. | Particulars of Remuneration  | Key Managerial Personnel  |   |         |
|---------|--|---|---|---------|
|         |  | Mr.D.T. Gokhale<br>Executive Vice<br>President & Company<br>Secretary | Mr.D.K. Sundaram<br>Chief Finance Officer | Total   |
| 1.      | Gross salary   |   |   |         |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961. | 2482500   | 2194500                                   | 4677000 |
|         | (b) Value of perquisites under section 17(2) of the Income-tax Act, 1961.            | 55443   | 61600                                     | 117043  |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961               | -   | -   | -       |
| 2.      | Stock Option   | -   | -   | -       |
| 3.      | Sweat Equity   | -   | -   | -       |
| 4.      | Commission   | -   | -   | -       |
|         | - as % of profit   | -   | -   | -       |
|         | - others, specify  | -   | -   | -       |
| 5.      | Others, please specify   | -   | -   | -       |
|         | Total  | 2537943   | 2256100                                   | 4794043 |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.





# REPORT ON CORPORATE GOVERNANCE 2016-2017

(Excluding Borax Morarji Limited)

## 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 stake holders - the shareholders, the customers, the employees and the creditors.

## 2. Governance Structure

The Corporate Governance structure of the Company is as follows:

- i. Board of Directors: The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosure.
- ii. Committees of the Boards (hereinafter called "Committees"). The Board has constituted the following Committees viz. Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Independent Directors Committee, Stakeholder/Investor and Grievance Committee. Each of the said Committee has been mandated to operate within a given framework.

## 3. 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 BSE Limited viz. Stock Exchange, Mumbai. The Board is headed by the Non Executive Chairman, Shri Laxmikumar Narottam Goculdas. As on 31st March, 2017 the Board comprised of 5 Directors (As on 31st March, 2016 the Board comprised of 6 Directors, Shri Shantilal Tejshi Shah, Independent Director resigned on 10th August, 2016), 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 5 Non-Executive Directors, 3 were Independent Directors, 1 woman Director, thereby complying with the requirements of the Companies Act, 2013 and the Clause 49 of the Listing agreement. None of the Directors has materially significant pecuniary or business relationship with the Company.



## **Board Meetings**

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the Directors well in advance to facilitate the Directors to plan their schedules. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board meeting.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company.

## **Intimation given to the Board**

The Company provides the information as set out in Clause 49 of the Listing Agreement to the Board and the Board committees to the extent it is applicable and relevant. Such information is submitted either as part of the respective meetings or by way of presentations and discussions during the meeting.

## **Post Meeting Mechanism**

The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/divisions.

## **Board Support**

The Company Secretary attends the Board/Committee meetings and advises on Compliances with applicable laws and governance.

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.

Seven Board Meetings were held during the financial year ended 31st March, 2017. The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Agreement. The dates on which the said meetings were held are as follows:

27th May, 2016, 10th August, 2016, 27th. September, 2016, 27th October, 2016, 14th November, 2016, 13th February, 2017 and 2nd March, 2017.



Attendance of each Director at the Board Meetings held during the financial year ended 31st March, 2017 and last Annual General Meeting and No. of other Directorships / Memberships of the Committee:

| Sr. No. | Name of Directors                              | Category of Directorship (designation as on 31.03.2017) | No. of Board Meetings attended (out of 7 Meetings held) | Attendance at last AGM | No. of other directorships as on 31.03.2017@ | No. of Board Committees of other companies in which Chairman, as on 31.03.2017 | No. of Board Committees of other companies in which Member, as on 31.03.2017 |
|---------|--|---|---|------------------------|--|--|--|
| 1.      | Shri Laxmikumar Narottam Goculdas DIN 00459347 | Chairman  | 7   | Yes                    | Nil  | Nil  | Nil  |
| 2.      | Shri H. T. Kapadia DIN 00125090                | Non-Executive, Independent                              | 7   | Yes                    | Nil  | Nil  | Nil  |
| 3.      | Shri M. T. Ankleshwaria DIN 02753794           | Non-Executive, Independent                              | 7   | Yes                    | 1  | 2  | 2  |
| 4.      | Shri A. W. Ketkar DIN 02863429                 | Non-Executive, Independent                              | 7   | Yes                    | Nil  | Nil  | Nil  |
| 5.      | Shri S. T. Shah @@ DIN 00004850                | Non-Executive, Independent                              | 1   | No                     | NA   | NA   | NA   |
| 6.      | Ms Mitika L. Goculdas DIN 02879174             | Non-Executive, Promoter Group                           | 7   | Yes                    | Nil  | Nil  | Nil  |

@Excludes Foreign Companies, Borax Morarji Limited, Private Companies Alternate Directorships.

@@ Shri Shantilal Tejshi Shah, Independent Director resigned on 10th August, 2016.

Details of Directors being appointed and re-appointed at the ensuing Annual General Meeting to be held on 26th December, 2017.

As per the Companies Act, 2013, 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, Ms Mitika Laxmikumar Goculdas retire by rotation at the ensuing Annual General Meeting and being eligible offer herself for re-appointment.

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

Ms. Mitika Laxmikumar Goculdas

Ms. Mitika Laxmikumar Goculdas, is MBA (Finance) from Pennsylvania State University, USA. She has total work experience of 21 years including her stint as Vice President with Merrill Lynch both at USA and Dubai. She has experience in Finance, Industry and International Trade.

Ms. Mitika Laxmikumar Goculdas, is Director of Borax Morarji Limited, (since merged).



Ms. Mitika Laxmikumar Goculdas is the Chairman of the Corporate Social Responsibility Committee.

### **Independent Directors**

The Non-Executive Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Rules made there under and meet with requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchange, viz. BSE Limited, Mumbai. A Formal letter of appointment to independent Director as provided in Companies Act, 2013 and the Listing Agreement has been issued and disclosed on the website of the Company viz. [www.dmcc.com](http://www.dmcc.com).

### **Separate Meeting of Independent Directors**

In compliance with Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 13th February, 2017, all the three Independent Directors of the Company attended the meeting, inter alia to discuss the following:

- a. Evaluation of the performance on Non-Independent Directors and the Board as a whole;
- b. Evaluation of the performance of Chairperson of the Company, taking into account the views of Non-Executive Directors; and
- c. Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The details of the familiarization programme of the Independent Directors are available on the website of the Company viz. [www.dmcc.com](http://www.dmcc.com)

#### **4. Familiarisation Programme for Directors**

At the time of appointing a Director, a formal letter or appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies Act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmation taken with respect to the same. The Chairman and Manager also has one to one discussion with the newly appointed Director to familiarise him with the Company's operations. Further the Company has put in place a system to familiarise the Independent Directors about the Company, its products, business and the on-going events relating to the Company.

#### **5. 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 177 of the Companies Act, 2013 and Rules 6 and 7 of Companies (Meetings



of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement with the Stock Exchange, viz. BSE Limited, Mumbai.

Meeting and the attendance during the financial year ended 31st March, 2017.

Five Meetings of the Audit Committee were held during the financial year ended 31st March, 2017 as given below. The attendance of each Committee member at the Audit Committee Meetings are given below:

| <b>Dates on which Audit Committee Meeting were held</b> | <b>Shri H. T. Kapadia</b> | <b>Shri Laxmikumar Narottam Goculdas</b> | <b>Shri M. T. Ankleshwaria</b> |
|---|---------------------------|--|--------------------------------|
| 27.05.2016  | Present                   | Present                                  | Present                        |
| 10.08.2016  | Present                   | Present                                  | Present                        |
| 14.11.2016  | Present                   | Present                                  | Present                        |
| 13.02.2017  | Present                   | Present                                  | Present                        |
| 02.03.2017  | Present                   | Present                                  | Present                        |

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.

## **6. Nomination and Remuneration Committee**

### **Composition**

The Nomination and Remuneration Committee comprises of three Non-Executive, Independent Directors. Shri Haridas Tricumdas Kapadia, Non-Executive, Independent Director, is the Chairman of the Committee. The other members of the Nomination and Remuneration Committee include Shri Arvind Wasudeo Ketkar and Shri Madhu Thakorlal Ankleshwaria. The Composition of Nomination and Remuneration Committee is pursuant to the provisions of Sections 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, disclosed at the website of the Company viz. [www.dmcc.com](http://www.dmcc.com)

### **Meeting and Attendance**

The Nomination and Remuneration Committee members held their meetings on 13th February, 2017. The necessary quorum was present, since all the members attended the meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company. The table below provides the attendance of the Nomination and Remuneration Committee members:

| <b>Dates on which Nomination and Remuneration Committee Meeting were held</b> | <b>Shri H T Kapadia</b> | <b>Shri A W Ketkar</b> | <b>Shri M T Ankleshwaria</b> |
|---|-------------------------|------------------------|------------------------------|
| 13.02.2017  | Yes                     | Yes                    | Yes                          |

**7. Remuneration to Directors**

Details of remuneration paid to non-executive directors during the financial year ended 31st March, 2017 are as below:

| Sr. No. | Name of Directors                 | Board Meeting | Audit Committee Meeting | Nomination and Remuneration Committee Meeting | Independent Directors Committee Meeting | Corporate Social responsibility Committee Meeting | Equity Share Allotment Committee | Total  | No. of equity shares held as on 31.03.2017 |
|---------|-----------------------------------|---------------|-------------------------|---|---|---|----------------------------------|--------|--|
| 1       | Shri Laxmikumar Narottam Goculdas | 70000         | 50000                   | Nil   | Nil                                     | Nil   | Nil                              | 120000 | 7821089                                    |
| 2       | Shri H. T. Kapadia                | 70000         | 50000                   | 10000   | 10000                                   | 10000   | 10000                            | 160000 | 6348                                       |
| 3       | Shri M. T. Ankleshwaria           | 70000         | 50000                   | 10000   | 10000                                   | 10000   | 10000                            | 160000 | Nil  |
| 4       | Shri A. W. Ketkar                 | 70000         | Nil                     | 10000   | 10000                                   | 10000   | 10000                            | 110000 | 324  |
| 5       | Shri S. T. Shah                   | 10000         | Nil                     | Nil   | Nil                                     | Nil   | Nil                              | 10000  | Nil  |
| 6       | Ms Mitika L. Goculdas             | 70000         | Nil                     | Nil   | Nil                                     | 10000   | Nil                              | 80000  | Nil  |
|         | Total                             | 360000        | 150000                  | 30000   | 30000                                   | 40000   | 30000                            | 640000 | 7827761                                    |

**Relation between the Directors**

None of the Directors of the Company except Shri Laxmikumar Narottam Goculdas (father of Ms. Mitika Laxmikumar Goculdas) and Ms. Mitika Laxmikumar Goculdas (Daughter of Shri Laxmikumar Narottam Goculdas) are related to each other.

**Remuneration to “Chief Executive Officer” and “Manager”**

Details of remuneration paid/payable to Chief Executive Officer and “Manager” during the financial year 31st March, 2017 are as below:

(excludes Contribution 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 | 4860000 | 585000                                   | 307150      | 5752150 |

Details of Terms of Contract of Chief Executive Officer and “Manager”.

The term of contract of Shri Bimal Lalitsingh Goculdas, Chief Executive Officer, is from 01-04-2016 to 31-03-2019. No severance fees or stock option are available to him.

**Relation of the Chief Executive Officer and Manager with Directors**

Shri Bimal Lalitsingh Goculdas, Chief Executive Officer and Manager of the Company is related to Shri Laxmikumar Narottam Goculdas and Ms. Mitika Laxmikumar Goculdas.



## 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, Contribution to Provident Fund & Superannuation and Gratuity.

## Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees.

The performance evaluation of the Chairman, Manager and the Non-Independent Director were carried out by the independent Directors. The Directors express their satisfaction with the evaluation process.

## 8. 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.

### Composition and attendance

This Committee comprises of Two Directors. Shri Laxmikumar Narottam Goculdas, (Non-Executive Chairman) is the Chairman of the Committee. The table below highlights the composition and attendance of the Members of the Committee. The necessary quorum was present for all Meetings.

| Sr. No. | Name of the Directors              | Role     | Category                  | No. of Meetings attended |
|---------|------------------------------------|----------|---------------------------|--------------------------|
| 1.      | Shri Laxmikumar Narottam Goculdas, | Chairman | Non-Executive Promoter    | 6 of 6                   |
| 2.      | Shri Haridas Tricumdas Kapadia     | Member   | Non-Executive Independent | 6 of 6                   |

### Details of Shareholders' Complaints Received, solved and pending Share Transfer

The total number of complaints received and replied to the shareholders during the year ended March 31, 2017 were 1 as per details given below. There were no complaints outstanding as on 31st March, 2017. The number of pending share transfers and pending requests for dematerialization as on 31st March, 2017 were Nil. Shareholders/Investors complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended/pending for more than thirty days as on 31st March, 2017.

| Sr. No. | Nature of Complaints              | Complaint Received | Complaint Redressed |
|---------|-----------------------------------|--------------------|---------------------|
| 1.      | Letter for transmission of Shares | 1                  | 1                   |



## Corporate Social Responsibility Committee

### Composition

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted, which comprises of four Directors, Ms Mitika Laxmikumar Goculdas is the Chairman of the Committee. The other members of the CSR Committee include Shri Haridas Tricumdas Kapadia, Shri Madhu Thakorlal Ankleshwaria and Shri Arvind Wasudeo Ketkar. The Composition of CSR Committee is pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as per Section 135 of the Companies Act, 2013.

The Company has formulated a CSR Policy and the same has been uploaded on the website of the Company ([www.dmcc.com](http://www.dmcc.com))

The terms of reference of the Corporate Social Responsibility Committee broadly comprises:

To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;

To provide guidance on various CSR initiatives to be undertaken by the Company and to monitor process.

### Meeting and Attendance:

The CSR Committee meeting held on 13th February, 2017. The necessary quorum was present for the Meeting. The Composition of the CSR Committee as at 13th February, 2017 and the details of meetings of the Committee are as under:

| Sr. No. | Name                           | Position | Category                  | No. of Meeting attended |
|---------|--------------------------------|----------|---------------------------|-------------------------|
| 1.      | Ms. Mitika Laxmikumar Goculdas | Chairman | Non-Executive Promoter    | 1 of 1                  |
| 2.      | Shri H. T. Kapadia             | Member   | Non-Executive Independent | 1 of 1                  |
| 3.      | Shri M. T. Ankleshwaria        | Member   | Non-Executive Independent | 1 of 1                  |
| 4.      | Shri A. W. Ketkar              | Member   | Non-Executive Independent | 1 of 1                  |

## 9. 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:

- a) 95th Annual General Meeting was held on 27.09.2016 at 11.00 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 one Special Resolution was passed at the meeting for :

Re- appointment of Shri Bimal Lalitsingh Goculdas as the "Chief Executive Officer" and "Manager" of the Company for a period of three years commencing from 1st April, 2016 to 31st March, 2019.

- b) 94th Annual General Meeting was held on 23.09.2015 at 11.00 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - No Special Resolution was passed at the meeting.





- c) 93rd Annual General Meeting was held on 18.09.2014 at 11.00 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 2016-2017, one Resolution was put through Postal Ballot, the particulars which are given below:

Pursuant to Section 108 and 110 of the Companies Act, 2013, read with the Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 as amended, Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Special Resolution for seeking approval of the shareholders, (issue of equity shares to the Promoters on a preferential Basis) through postal ballot (which include voting through electronic mode i.e. e-voting) as proposed vide Postal Ballot Notice dated October 27, 2016 has been passed with requisite majority by the shareholders of the company.

The result as per report dated November 29, 2016 of Ms Shailashri Bhaskar, Practicing Company Secretary, (Membership No. FCS:5778; CP:5092 an Independent Person to act as a Scrutinizer, appointed for conducting postal ballot process is as under:

| Item   | Number of Votes Cast in |        |                     | Total    | Percentage |
|--|-------------------------|--------|---------------------|----------|------------|
|  | Particulars             | E-vote | Postal Ballot Forms |          |            |
| <b>Issue of Equity Shares on Preferential basis to Promoter Group Companies viz. The Natural Gas Company Private Limited and Phoenix Distributors Private Limited.</b> | Assent                  | 311011 | 10513708            | 10824719 | 99.982%    |
|  | Dissent                 | 400    | 1515                | 1915     | 0.018%     |
|  | Abstain                 | 0      | 0                   | 0        | 0.00%      |
|  | Total                   | 311411 | 10515223            | 10826634 | 100.00%    |

During the year 2015-2016, no Resolution was put through Postal Ballot.

During the year 2014-2015, no Resolution was put through Postal Ballot.

## 10. Disclosures

### a) Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for the Directors and 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](http://www.dmcc.com).

- b) At every Board Meeting and Audit Committee Meeting, the Register of Contracts maintained Under Section 189 of the Companies Act, 2013 is tabled and signed by the Directors.
- c) Transactions with the related parties are disclosed in Note No. XII (9) 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.
- d) There was no non-compliance during the last three years by the Company on any matter related to Capital Market. Consequently, no penalties were imposed nor any strictures were passed on the Company by the Stock Exchange, Mumbai (on which the Company's equity shares are listed), SEBI or any other statutory authority.



- e) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.
- f) 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 are disclosed in note number XII (9) of the notes forming part of Accounts, as per Accounting Standard Number AS 18.
- g) 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.

#### 11. 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, 2017 and adequacy of internal controls as required in terms of Regulation 17(8) of the Listing Regulations, for the financial year 2016-17 was placed before the Board at its meeting held on 10th November, 2017 and also forms part of this Annual Report.

#### 12. Means of Communications

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

#### 13. General Shareholder Information

##### 96th Annual General Meeting

Date : Tuesday, 26th December, 2017

Time : 11.00 a.m.

Venue : Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400020.

##### Financial Calendar for the year 2017-18 (Provisional) :

- |   |                        |
|---|------------------------|
| a. Results for the first quarter ending 30th June, 2017       | By 14th August, 2017   |
| b. Results for the second quarter ending 30th September, 2017 | By 14th November, 2017 |
| c. Results for the third quarter ending 31st December, 2017   | By 14th February, 2018 |
| d. Results for the year ending 31st March, 2018 (Audited)     | By end of May, 2018    |
| e. Annual General Meeting for the year ending March, 2018     | In September, 2018     |



Date of Book Closure : 18th December, 2017 to 26th December, 2017 (both days inclusive)  
 Stock Code : 506405  
 Listing on Stock Exchange : BSE LIMITED  
 : 25th Floor, P J Towers, Dalal Street, Mumbai 400 001.  
 : Listing Fees as applicable have been paid.  
 Demat ISIN : INE505A01010  
 Corporate Identity Number : L24110MH1919PLC000564  
 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 low Indices were as follows:

| Month           | Shares Price |           | BSE Indices |           |
|-----------------|--------------|-----------|-------------|-----------|
|                 | High (Rs.)   | Low (Rs.) | High (Rs.)  | Low (Rs.) |
| April, 2016     | 72.50        | 59.00     | 26100.54    | 24523.20  |
| May, 2016       | 77.75        | 56.25     | 26837.20    | 25057.93  |
| June, 2016      | 72.70        | 56.20     | 27105.41    | 25911.33  |
| July, 2016      | 77.00        | 62.00     | 28240.20    | 27034.14  |
| August, 2016    | 78.80        | 66.00     | 28532.25    | 27627.97  |
| September, 2016 | 84.00        | 67.50     | 29077.28    | 27716.78  |
| October, 2016   | 114.80       | 77.50     | 28477.65    | 27488.30  |
| November, 2016  | 110.00       | 77.50     | 28029.80    | 25717.93  |
| December, 2016  | 124.80       | 89.30     | 26803.76    | 25753.74  |
| January, 2017   | 129.90       | 105.20    | 27980.39    | 26447.06  |
| February, 2017  | 114.60       | 94.25     | 29065.31    | 27590.10  |
| March, 2017     | 107.30       | 90.55     | 29824.62    | 28716.21  |

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

### Registrar & Transfer Agents

Link Intime India Pvt. Ltd.

C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083.

Tel No : +91 22 49186270 Fax: +91 22 49186060

E-mail id : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

### 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, 2017 were 1589.

In terms of the Notification No. SMDRP/POLIC Y/CIR/23/2000 dated 29th May, 2000, issued by Securities and Exchange Board of India, the Equity System 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, 2017:

| Category   | No. of Shares held | % of Shareholding |
|--|--------------------|-------------------|
| Promoters  | 11052176           | 50.59             |
| Mutual Funds and UTI                             | 311959             | 1.43              |
| Banks, Financial Institutions,<br>Insurance Cos. | 304549             | 1.39              |
| Private Corporate Bodies and Trusts              | 920791             | 4.21              |
| HUF  | 584589             | 2.68              |
| Indian Public                                    | 7810738            | 35.75             |
| NRIs/OCBs  | 447906             | 2.05              |
| Clearing Members (in the<br>depository)          | 414043             | 1.90              |
| <b>TOTAL</b>                                     | <b>21846751</b>    | <b>100.00</b>     |

Note: The total Foreign Shareholding as on 31st March, 2017 was 8555615 shares, which in, percentage terms was 39.16% of the issued and subscribed capital, out of which 8107709 shares aggregating 37.11% 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 6348

Shri. A. W. Ketkar 324

Distribution of Shareholding as on 31st March, 2017.

| No. of Shares held | No. of Folios | Percentage    | Shares          | Percentage    |
|--------------------|---------------|---------------|-----------------|---------------|
| Up to 500          | 12925         | 85.5111       | 1411256         | 6.4598        |
| 501 to 1000        | 970           | 6.4175        | 788671          | 3.6100        |
| 1001 to 2000       | 512           | 3.3874        | 790430          | 3.6181        |
| 2001 to 3000       | 225           | 1.4886        | 573510          | 2.6252        |
| 3001 to 4000       | 93            | 0.6153        | 335196          | 1.5343        |
| 4001 to 5000       | 88            | 0.5822        | 420055          | 1.9227        |
| 5001 to 10000      | 132           | 0.8733        | 973536          | 4.4562        |
| 10001 to 30000     | 118           | 0.7807        | 2073642         | 9.4918        |
| 30001 to 50000     | 12            | 0.0794        | 445003          | 2.0369        |
| 50001 to 100000    | 17            | 0.1125        | 1197439         | 5.4811        |
| 100001 and above   | 23            | 0.1520        | 12838013        | 58.7639       |
| <b>TOTAL</b>       | <b>15115</b>  | <b>100.00</b> | <b>21846751</b> | <b>100.00</b> |



### Dematerialisation of Shares and liquidity

As on 31st March, 2017, out of 2,18,46,751 Equity Shares of the Company, 2,04,77,290 Equity Shares representing 93.73% Equity Shares, have been dematerialized by 7306 shareholders. The total number of shareholders of the Company are 15115.

The Company has not issued any GDRs, Warrant or any convertible instruments, the conversion of which will have an impact on equity shares of the Company.

The address of the correspondence : The Company Secretary

The Dharamsi Morarji Chemical Co. Ltd.

Prospect Chambers, 317/321, Dr. D. N. Road, Fort,

Mumbai 400 001.

Tel : 022 2204 8881/2/3; Fax : 022 2281 3657

E-mail : dgokhale@dmcc.com

### Factories:

- (1) Roha : 105, MIDC Industrial Area, Audyogik Vasahat Post Office, Dhatav, Roha 402116, Dist. Raigad, Maharashtra.
- (2) Jhar : Jhar Village, Taluka – Dhari, Dist. Amreli 365630, Gujarat.
- (3) Khemli : Khemli Village, Tehsil, Mavli, Dist. Udaipur, Rajasthan.
- (4) Dahej : Plot No. CH-5/1 G.I.D.C , Dahej Industrial Estate , Taluka: Vagra, Dist. Bharuch, Gujarat.

**Date: 10th November, 2017.**



## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance as stipulated at Para C of Schedule V in terms of regulations 34(3) and 53(f) of the SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (the 'Regulations') and the listing agreement of The Dharamsi Morarji Chemical Company Limited with the Stock Exchange for the year ended March, 2017.

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 Regulations.

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  
ICAI FRN: 100186W

Place of Signature : Mumbai  
Date : 10th November, 2017

RAJESH S. JOSHI  
Partner  
Membership No. 38526



# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (After Merger of Borax Morarji Limited)**

## **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (“the Company”) for the year ended on 31st March, 2017, wherein the effect of merger of Borax Morarji Limited with the Company has been given pursuant to the approved Scheme of Arrangement with effect from the Appointed Date i.e. 1st April, 2016.

The standalone financial statements of the Company for the year ended on 31st March, 2017 without considering the effect of aforesaid merger were approved by the Board of Directors which were audited and reported by us vide our report dated 26th May, 2017. Subsequently, the aforesaid Scheme of Arrangement was filed with National Company Law Tribunal, Mumbai Bench (NCLT) on 29th June, 2017 which has been approved vide NCLT Orders dated 18th October, 2017.

These standalone Financial Statements, wherein the effect of the Scheme of Arrangement has been given, comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on these standalone financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A,' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position (net of provision made) in its financial statements – Note - 3A to the financial statements;





- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 at Note No. 12 and these are in accordance with the books of account maintained by the Company.

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

RAJESH S. JOSHI  
Partner  
Membership No. 38526

Place of Signature : Mumbai

Date : 10th November, 2017

## ANNEXURE A

### **Re: THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED. (After Merger of Borax Morarji Limited)**

Referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements of our report

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; however the particulars regarding the location of some of the fixed assets of Chemical Division of erstwhile Borax Morarji Limited transferred to new manufacturing facility at Dahej, Gujarat, needs to be updated in the fixed asset register;
- (b) A substantial portion of these fixed assets has been physically verified by the management during the year. In our opinion the same is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the management and No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any secured or unsecured loans to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the requirements of sub-clause (a), (b) and (c) of clause (iii) are not applicable to the Company.
- (iv) There are no loans given, no investments made, no guarantees given, and no security given by the Company in terms of provisions of section 185 and 186 of the Companies Act, 2013.
- (v) The erstwhile Borax Morarji Limited had accepted deposits prior to the commencement of Companies Act, 2013 (Earlier deposits) which have remained unpaid as at year end amounting to Rs.31.68 Lakhs and interest due thereon of Rs.0.01 Lakhs. We are informed that these earlier deposits will be repaid



on the respective due dates as per the terms of acceptance of the same, in terms of explanation to Rule 19 of the Companies (Acceptance of Deposits) Rules, 2014.

The Company has not accepted any deposits during the year to which the provisions of section 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of deposits) Rules, 2014 apply.

- (vi) The Central Government has specified the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013. Such accounts and records have been made and maintained by the Company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. The Company has not accepted any deposits during the year to which the provisions of section 73 to 76 of the Companies Act, 2013 and Companies (Acceptance of deposits) Rules, 2014 apply. According to the information and explanations given to us, there are no undisputed outstanding dues in respect of the above items in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) Dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax that have not been deposited on account of any dispute are as under.

| Name of the Statute | Nature of Dues               | Forum where dispute is Pending                      | Period to which relate            | Amount (Rs in Lakhs) |
|---------------------|------------------------------|---|-----------------------------------|----------------------|
| Central Excise Act  | Duty/Interest/Penalty        | Asst.Commissioner                                   | April 2008 to February 2013       | 24.48                |
|                     | Duty/Interest/Penalty        | Asst.Commissioner                                   | August, 2002 to March, 2007       | 0.57                 |
|                     | Duty/Interest/Penalty        | Asst.Commissioner                                   | 2005 to 2006                      | 1.18                 |
|                     | Duty/Interest/Penalty        | Asst.Commissioner                                   | October 2008 to August 2013       | 56.59                |
|                     | Duty                         | Dy. Commissioner                                    | March, 2013 to September, 2013    | 3.79                 |
|                     | Duty                         | CESTAT, West Zone Bench.                            | Sept 13 to Aug 14                 | 14.70                |
|                     | Duty                         | Additional Commissioner of Central Excise           | Nov 10 to Sept 13                 | 5.96                 |
|                     | Duty                         | Suptd. Of Central Excise(Tech)-IVth Division, Mahad | Oct 13 to Aug 14                  | 0.50                 |
|                     | Duty                         | Additional Commissioner of Central Excise           | Oct 2013 to June, 2014            | 14.28                |
|                     | Duty                         | Asst. Commissioner of Central Excise                | September, 2014 to December, 2014 | 4.43                 |
|                     | Duty                         | Asst. Commissioner of Central Excise                | January, 2015 to April, 2015      | 1.58                 |
|                     | Transport Fees on SDS        | Bombay High Court                                   | 2007-08 to 2016-17                | 51.24                |
| Customs Act         | Utilization of DEPB Licences | Collector of Customs                                | 2002-03                           | 16.60                |
|                     |                              |   | <b>Total</b>                      | <b>195.90</b>        |



- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, government or dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or any term loans during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has not been noticed or reported during the year.
- (xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The Company is not a Nidhi Company and therefore the compliance requirements relevant to a Nidhi Company are not applicable.
- (xiii) All transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has made preferential allotment of 588930 Equity shares of the Company to the two of the promoter group companies during the year wherein the requirements of section 42 of the Companies Act, 2013 have been complied with. The Company has not made any issue of Debentures during the year on a preferential basis.
- (xv) Pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.
- (xvi) The Company is not required to be registered under section 45-1(A) of the Reserve Bank of India Act, 1934.

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

RAJESH S. JOSHI  
Partner

Membership No. 38526

Place of Signature : Mumbai

Date : 10th November, 2017

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (After Merger of Borax Morarji Limited)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.



## **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

The internal financial control system over financial reporting that has been established by the management consists mainly of manual/automated controls in various business processes. These controls were verified by us, on a test basis during the year, and were found to be operating effectively in all material respects. We are informed that the Company is still in the process of implementing SAP ERP for improved integration and system driven controls.

In our opinion the Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at March 31, 2017 , based on the internal control over financial reporting criteria established by the Company, as stated in the preceding paragraph, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

RAJESH S. JOSHI  
Partner  
Membership No. 38526

Place of Signature : Mumbai  
Date : 10th November, 2017

**BALANCE SHEET**

AS AT MARCH 31, 2017

| Particulars   | Note No. | As at 31-03-2017<br>(₹ in Lakhs) | As at 31-03-2016<br>(₹ in Lakhs) |
|---|----------|----------------------------------|----------------------------------|
| <b>Equity and Liabilities</b>                                     |          |                                  |                                  |
| (1) Shareholders' Funds   |          |                                  |                                  |
| (a) Share Capital   | I        | 2,773.99                         | 3,005.78                         |
| (b) Reserves and Surplus  | II       | 3,514.91                         | 1,259.00                         |
| (2) Non Current Liabilities                                       | III      |                                  |                                  |
| (a) Long Term Borrowings  |          | 1,380.46                         | 1,543.18                         |
| (b) Other Long Term Liabilities                                   |          | 101.81                           | 66.35                            |
| (c) Long Term Provisions  |          | 148.98                           | 174.09                           |
| (3) Current Liabilities   | IV       |                                  |                                  |
| (a) Short Term Borrowings   |          | 1,024.31                         | –                                |
| (b) Trade Payables  |          | 3,565.48                         | 1,684.05                         |
| (c) Other Current Liabilities                                     |          | 2,182.16                         | 1,533.73                         |
| (d) Short Term Provisions   |          | 188.83                           | 163.08                           |
| <b>TOTAL</b>  |          | <b>14,880.93</b>                 | <b>9,429.26</b>                  |
| <b>Assets</b>   |          |                                  |                                  |
| (1) Non Current Assets  | V        |                                  |                                  |
| (a) Fixed Assets  |          |                                  |                                  |
| (i) Tangible assets   |          | 6,842.77                         | 2,541.97                         |
| (ii) Intangible assets  |          | 1,491.35                         | 12.16                            |
| (iii) Capital Work in Progress                                    |          | 299.83                           | 501.72                           |
| (b) Non Current Investments                                       |          | 55.85                            | 38.08                            |
| (c) Deferred Tax Assets (Net)                                     |          | –                                | 2,654.15                         |
| (d) Long Term Loans and Advances                                  |          | 236.63                           | 166.22                           |
| (2) Current Assets  | VI       |                                  |                                  |
| (a) Inventories   |          | 1,651.40                         | 1,525.39                         |
| (b) Current Investments   |          | 151.20                           | –                                |
| (c) Trade Receivables   |          | 2,138.04                         | 1,296.86                         |
| (d) Cash and Bank Balances  |          | 637.44                           | 335.26                           |
| (e) Other Current Assets  |          | 1,376.42                         | 357.45                           |
| <b>TOTAL</b>  |          | <b>14,880.93</b>                 | <b>9,429.26</b>                  |
| Significant Accounting Policies and other Explanatory Information | XII      |                                  |                                  |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



# STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON 31ST, MARCH, 2017

| Particulars  | Note No. | For the year ended<br>on 31-03-2017<br>(₹ in Lakhs) | For the year ended<br>on 31-03-2016<br>(₹ in Lakhs) |
|--|----------|---|---|
| Revenue from Operations  | VII      | 18,974.73   | 10,760.36   |
| Other Income   | VIII     | 44.23   | 42.75   |
| <b>Total Revenue</b>   |          | <b>19,018.96</b>                                    | <b>10,803.11</b>                                    |
| <b>Expenses</b>  |          |   |   |
| Cost of materials consumed   | IX       | 10,301.21   | 5,657.27  |
| Purchase of Stock-in-Trade   | IX       | 100.87  | 21.85   |
| Changes in inventories of finished goods,<br>work-in-progress and stock-in trade | IX       | (51.57)   | (40.10)   |
| Employee benefits expense  | X        | 1,284.82  | 783.77  |
| Finance costs  |          | 509.20  | 116.04  |
| Depreciation   |          | 371.64  | 225.83  |
| Other expenses   | XI       | 4,325.43  | 2,723.90  |
| <b>Total expenses</b>  |          | <b>16,841.60</b>                                    | <b>9,488.56</b>                                     |
| <b>Profit/(Loss) before Exceptional and Extraordinary items and Tax</b>          |          | <b>2,177.36</b>                                     | <b>1,314.55</b>                                     |
| Exceptional items  |          | —   | —   |
| <b>Profit/(Loss) before Extraordinary items and Tax</b>                          |          | <b>2,177.36</b>                                     | <b>1,314.55</b>                                     |
| Extraordinary items  |          | —   | —   |
| <b>Profit/(Loss) before Tax</b>  |          | <b>2,177.36</b>                                     | <b>1,314.55</b>                                     |
| <b>Tax expenses:</b>   |          |   |   |
| 1) Current tax   |          | 443.94  | 117.38  |
| 2) Deferred tax  |          | —   | —   |
| <b>Profit/(Loss) after Tax</b>   |          | <b>1,733.42</b>                                     | <b>1,197.17</b>                                     |
| Earning per equity share(Basic & Diluted)  | XII(7)   | 7.03  | 5.32  |
| Significant Accounting Policies and other Explanatory Information                | XII      |   |   |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

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Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE: I SHARE CAPITAL

|  | As at 31-03-2017  |                 | As at 31-03-2016  |                 |
|--|-------------------|-----------------|-------------------|-----------------|
|  | Numbers           | Rs. In Lakhs    | Numbers           | Rs. In Lakhs    |
| <b>(a) Shares authorized</b>   |                   |                 |                   |                 |
| Equity Shares of Rs.10/- each  | 40,000,000        | 4000.00         | 30,000,000        | 3000.00         |
| Preference Shares of Rs.100/- each   | 2,000,000         | 2000.00         | 1,000,000         | 1000.00         |
|  | <b>42,000,000</b> | <b>6000.00</b>  | <b>31,000,000</b> | <b>4000.00</b>  |
| <b>(b) Shares issued</b>   |                   |                 |                   |                 |
| Equity Shares of Rs.10/- each  | 21,846,751        | 2,184.67        | 21,257,821        | 2,125.78        |
| Equity Shares of Rs.10/- each to be issued pursuant to the Scheme of Arrangement.                                      | 3,093,182         | 309.32          |                   |                 |
| Preference Shares of Rs.100/- each   | 280,000           | 280.00          | 880,000           | 880.00          |
|  | <b>25,219,933</b> | <b>2,773.99</b> | <b>22,137,821</b> | <b>3,005.78</b> |
| <b>(c) Shares subscribed and fully paid:</b>   |                   |                 |                   |                 |
| Equity Shares of Rs.10/- each  | 24,939,933        | 2,493.99        | 21,257,821        | 2,125.78        |
| Preference Shares of Rs.100/- each   | 280,000           | 280.00          | 880,000           | 880.00          |
|  | <b>25,219,933</b> | <b>2,773.99</b> | <b>22,137,821</b> | <b>3,005.78</b> |
| <b>(d) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;</b> |                   |                 |                   |                 |

| Particulars   | As at 31-03-2017  |                 | As at 31-03-2015  |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | Numbers           | Rs. In Lakhs    | Numbers           | Rs. In Lakhs    |
| <b>Equity Shares</b>  |                   |                 |                   |                 |
| Shares outstanding at the beginning of the year             | 21,257,821        | 2,125.78        | 21,257,821        | 2,125.78        |
| Add: Shares issued during the year*                         | 588,930           | 58.89           | -                 | -               |
| Add: Shares to be issued as per the Scheme of Arrangement** | 3,093,182         | 309.32          | -                 | -               |
| Shares outstanding at the end of the year                   | <b>24,939,933</b> | <b>2,493.99</b> | <b>21,257,821</b> | <b>2,125.78</b> |
| <b>Preference Shares</b>                                    |                   |                 |                   |                 |
| Shares outstanding at the beginning of the year             | 880,000           | 880.00          | 880,000           | 880.00          |
| Less: Shares redeemed during the year                       | 600,000           | 600.00          |                   |                 |
| Shares outstanding at the end of the year                   | <b>280,000</b>    | <b>280.00</b>   | <b>880,000</b>    | <b>880.00</b>   |

### 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.

\*The Company had raised Equity Share Capital by issuing Equity Shares to the Promoter and Promoter Group by preferential offer ( to redeem the 6,00,000, 8% Redeemable Cumulative non-convertible Preference shares of Rs.100/- each aggregating to Rs.600.00 Lakhs) at a price of Rs.101.88 (including a premium of Rs.91.88) per share for aggregate amount of Rs.6,00,00,188/- (Rs. Six Crores One Hundred Eighty eight only) pursuant to the resolution of the Equity Share Allotment Committee at its meeting held on 07.12.2016. Accordingly the Company issued Equity Shares to Promoter and Promoter Group as under: 294465 Equity Shares at a price Rs.101.88 per share (face value of Rs.10/- and Premium of Rs.91.88 per share) to The Natural Gas Company Private Limited and 294465 Equity Shares at a price Rs.101.88 per share (face value of Rs.10/- and Premium of Rs.91.88 per share) to Phoenix Distributors Private Limited.





## NOTES FORMING PART OF FINANCIAL STATEMENTS

Accordingly the Equity Shares stands increased by 588930 Equity Share of Rs. 10/- each aggregating to Rs.5889300/- (Rs. Fiftyeight Lakhs Eightynine Thousand Three Hundred only) and the Security premium account stands increased by an amount Rs.54110888/- (Rs. Five Crores Fortyone Lakhs Ten Thousand Eight Hundred Eightyeight only). Subsequently the Company has redeemed 6,00,000, 8% Redemable non-convertible Preference Share of Rs.100/- each aggregating to Rs.600.00 Lakhs at par.

\*\*Pursuant to the scheme of amalgamation approved by the Honorable National Company Law Tribunal(NCLT), Mumbai Bench, on 18th October, 2017 (the "scheme") Borax Morarji Ltd ("BML" or "the transferor company") has been merged with the Company with effect from 1st April 2016, the Appointed Date.

The scheme provided for issuance of equity shares of the company of Rs.10 each fully paid up to the shareholders of BML in the ratio of 1 (one) equity shares of the DMCC for every 2 (two) equity shares held in BML with effect from 1st April, 2016, the Appointed date, resulting in 22,59,849 equity shares of Rs.10 each fully paid up to be issued to BML Equity shareholders. The scheme also provided for issuance of 10 (Ten) equity shares of the DMCC of Rs.10 each fully paid up for every 108 (one hundred eight) fully paid up Preference shares of Rs.10 each held in the BML with effect from 1st April 2016, the Appointed date, resulting in 8,33,333 equity shares of Rs.10 each fully paid up to be issued to Preference shareholder of BML.

The amalgamation has been accounted as 'amalgamation in the nature of purchase' in accordance with the terms of the scheme and consequently the purchase method has been used. The Assets and Liabilities of the erstwhile BML as at 1st April, 2016 have been taken over at their fair values as determined by the Board of Directors of the Company and accordingly suitable effects have been given for the purpose of reflecting the fair value of the assets and liabilities of the transferor company taken over by the transferee company in accordance with the relevant Accounting policies and methods followed by the transferee company.

The Company is yet to issue and allot equity shares to the Shareholders of BML pursuant to the scheme, However, the equity shares to be allotted have already been considered as issued and allotted for the purposes of these financial statements since the issuance and allotment of equity shares would be effective from the Appointed date of 1st April, 2016.

The net assets of the transferor company have been taken over by the Company and recorded at their fair values as determined by the management as at 01.04.2016 i.e. the "Appointed Date".

Purchase consideration payable is Rs.3340.64 Lakhs, which is discharged by issue of 3093182 Equity Shares of Rs.10/- each of the Company at a premium of Rs.98/- per share.

The Goodwill arising out of the aforesaid Scheme is Rs. 1465.10 Lakhs. The Goodwill is to be tested for impairment.

### Terms/Rights attached to Preference Shares:

280000, 2.5% Redeemable Cumulative non - convertible Preference Shares of Rs.100/- each aggregating to Rs.280.00 Lakhs are redeemable in 16 Equal yearly instalment of Rs.17.50 Lakhs each commencing from 1st April 2012. However, the Company has not redeemed the preference shares as per the redemption schedule due to the Accumulated Losses of the Company. Therefore, the Company had approached and requested the Preference Share-holder for further extension of time for the redemption of the said Preference Shares. The Preference Share-holder has agreed for further extension of time for the redemption of the said Preference shares any time upto 31 st March, 2022.

The cumulative dividend on these Preference Shares aggregating to Rs. 64.81 Lakhs (Previous year Rs. 57.81 Lakhs) 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

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

| Particulars                       | As at 31-03-2017 |            | As at 31-03-2016 |            |
|-----------------------------------|------------------|------------|------------------|------------|
|                                   | Numbers          | Percentage | Numbers          | Percentage |
| Shri Laxmikumar Narottam Goculdas | 8,862,093        | 35.53%     | 7,821,089        | 36.79%     |

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note: II RESERVES & SURPLUS**

|  | <b>As at 31-03-2017</b> |                        | <b>As at 31-03-2016</b> |
|--|-------------------------|------------------------|-------------------------|
|  | <b>Rs. In Lakhs</b>     |                        | <b>Rs. In Lakhs</b>     |
| <b>Capital Reserve*</b>  |                         |                        |                         |
| At the beginning of the year   | 3,363.24                |                        | 3,363.24                |
| Less: Adjustment as per Scheme of Arrangement.   | <u>3,363.24</u>         | -                      | <u>-</u>                |
|  |                         |                        | 3,363.24                |
| <b>Securities Premium Account*</b>   |                         |                        |                         |
| At the beginning of the year   | 98.81                   |                        | 98.81                   |
| Add: Additions during the year   | 541.11                  |                        | -                       |
| Add: Additions during the year as per Scheme of Arrangement                              | 3031.32                 |                        | -                       |
| Less: Adjustment of accumulated loss of the Company as per the Scheme of Arrangement     | <u>(1956.34)</u>        |                        | <u>-</u>                |
|  |                         | 1,714.90               | 98.81                   |
| <b>Other Reserve</b>   |                         | 66.59                  | 66.59                   |
| <b>Surplus/(Deficit)*</b>  |                         |                        |                         |
| At the beginning of the year   | (2,269.64)              |                        | (3,466.81)              |
| Less: Adjustment of accumulated loss of the Company as per the Scheme of Arrangement     | <u>2,269.64</u>         |                        | <u>-</u>                |
|  | -                       |                        | (3,466.81)              |
| Add: Profit during the current year transferred from statement of Profit & Loss Account. | <u>1,733.42</u>         |                        | <u>1,197.17</u>         |
| <b>Net Surplus/(Deficit)</b>   |                         | <u>1,733.42</u>        | <u>(2,269.64)</u>       |
| <b>Total</b>   |                         | <u><u>3,514.91</u></u> | <u><u>1,259.00</u></u>  |

\*On the appointed date i.e. 1st April 2016, the accumulated losses and Deferred Tax assets have been adjusted fully against Capital Reserve and partly against Securities Premium Account.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note: III NON CURRENT LIABILITIES

|   | As at 31-03-2017<br>Rs. In Lakhs | As at 31-03-2016<br>Rs. In Lakhs |
|---|----------------------------------|----------------------------------|
| <b>(a) Long Term Borrowings</b>                       |                                  |                                  |
| <b>Secured</b>  |                                  |                                  |
| (i) Working Capital Term Loan                         | 77.66                            | 174.19                           |
| (ii) Car Loan from a bank                             | 21.94                            | 26.55                            |
| (iii) Project Loan from bank                          | 14.15                            | 101.87                           |
| (iv) Property Loan from bank                          | 58.06                            | 111.57                           |
|   | 171.81                           | 414.18                           |
| <b>Unsecured</b>                                      |                                  |                                  |
| (i) Inter Corporate Deposits                          | 134.00                           | 134.00                           |
| (ii) Loans from a Promoters                           | 940.47                           | 995.00                           |
| (iii) Interest Free Sales Tax Loan from MEDA **       | 134.18                           | -                                |
|   | 1,208.65                         | 1,129.00                         |
|   | 1,380.46                         | 1,543.18                         |
| <b>(b) Other Long Term Liabilities</b>                |                                  |                                  |
| (i) Advance received against sale of Land at Navlakhi | 45.35                            | 45.35                            |
| (ii) Security Deposits from distributors and others   | 35.46                            |                                  |
| (ii) Security Deposits received against Royalty       | 21.00                            | 21.00                            |
|   | 101.81                           | 66.35                            |
| <b>(c) Long Term Provisions:</b>                      |                                  |                                  |
| Provision for Employee Benefits                       | 148.98                           | 174.09                           |
| <b>Total</b>  | 1,631.25                         | 1,783.62                         |

### (a) (i) Working Capital Term Loan

Repayable in 60 EMI's commencing from 17-02-2014. Rate of interest is 12%. 38 EMI's have been paid in time, up to 31st March, 2017 and 22 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, 2017 of Rs. 173.68 Lakhs, amount due in next twelve months is Rs. 96.02 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'. (See Note No. IV(c)(i)). The balance Term Loan of Rs.77.66 Lakhs is shown above as Working Capital Term Loan.

### (ii) Car Loan from a bank

Repayable in 60 EMI's commencing from 21-02-2015. Rate of interest is 10.50%. 26 EMI's have been paid in time, up to 31st March, 2017 and 34 are remaining to be paid as on that date.

Secured against hypothecation of vehicles.

Out of total outstanding term loan as on 31st March, 2017 of Rs 30.32 Lakhs, amount due in next twelve months is Rs. 8.38 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities' (See Note No. IV(c)(ii)). The balance Term Loan of Rs.21.94 Lakhs is shown above as New Car loan from a bank.

### (iii) Project Loan from bank

Repayable in 36 EMI's commencing from 27.07.2015. Rate of interest is 12%. 21 EMI's have been paid in time, up to 31st March, 2017 and 15 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.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Out of total outstanding term loan as on 31st March, 2017 of Rs.127.95 Lakhs, amount due in next twelve months is Rs.113.80 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No. IV(c)(iii) ). The balance Term Loan of Rs.14.15 Lakhs is shown above as Project Loan.

**(iv) Property Loan from bank**

Property loan RS. 158.82 Lakhs taken on 21.03.2016 from a Bank. Repayable in 36 EMI's commencing from 21.04.2016. Rate of interest is 12%. 12 EMIs have been paid in time, up to 31st March, 2017 and 24 are remaining to be paid as on that date.

Out of total outstanding property loan as on 31 st March 2017 of Rs. 111.34 Lakhs, amount due in next twelve months is Rs.53.28 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No.IV(c)(iv) The balance Term Loan of Rs.58.06 Lakhs is shown as Property Loan.as above.

**\*\* Interest free Sales Tax Loan from MEDA**

Interest free Sales Tax Loan from MEDA is repayable in 30 Equal installments starting from May 2010 and ending May, 2023.

Out of total outstanding interest free sales tax loan from MEDA as on 31st March 2017 of Rs. 204.79 Lakhs, amount due in next twelve months is Rs.70.61 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No.IV(c)(v). The balance of Rs.134.18 Lakhs is shown as unsecured (iii) interest free sales tax Loan from MEDA.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note: IV CURRENT LIABILITIES

|  | As at 31-03-2017<br>Rs. In Lakhs | As at 31-03-2016<br>Rs. In Lakhs |
|--|----------------------------------|----------------------------------|
| <b>(a) Short Term Borrowings</b>   |                                  |                                  |
| <u>Secured</u>   |                                  |                                  |
| Cash Credit from Bank  | 817.31                           |                                  |
| <u>Unsecured</u>   |                                  |                                  |
| Inter Corporate Deposit  | <u>207.00</u>                    |                                  |
|  | 1,024.31                         | —                                |
| <b>(b) Trade Payable</b>   |                                  |                                  |
| (i) Trade Payable (*)  | 2,531.48                         |                                  |
| (ii) Bills Payable   | <u>1,034.00</u>                  |                                  |
|  | 3,565.48                         | 1,684.05                         |
| <b>(c) Other Current Liabilities</b>   |                                  |                                  |
| Current maturities of Long Term borrowings :   |                                  |                                  |
| (i) Current maturities of Working Capital Term Loan<br>(See Note (a)(i))                       | 96.02                            | 85.16                            |
| (ii) Current maturities of Long Term Debts (Car Loan)<br>(See Note(a)(ii))                     | 8.38                             | 6.20                             |
| (iii) Current maturities of Long Term Debts (Project Loan)<br>(See Note (a)(iii))              | 113.80                           | 127.91                           |
| (iv) Current maturities of Long Term Debts (Property<br>Loan) (See Note (a)(iv))               | 53.28                            | 47.25                            |
| (v) Current maturities of Interest free Sales Tax Loan<br>from MEDA (see note unsecured (iii)) | 70.61                            | —                                |
|  | <u>342.09</u>                    | <u>266.52</u>                    |
| (2) Unpaid Dividend (Amount Transferable to Investor<br>Education & Protection Fund when due   | 2.14                             | —                                |
| (3) Unpaid Matured Fixed Deposits (Unclaimed)  | 31.68                            | —                                |
| (4) Unpaid Interest on Fixed Deposits  | 0.01                             | —                                |
| (5) Others Payable (**)  | <u>1,806.24</u>                  | <u>1,267.21</u>                  |
|  | 2,182.16                         | 1,533.73                         |
| <b>(d) Short Term Provisions</b>   |                                  |                                  |
| Provision for Employee Benefits  | <u>188.83</u>                    | <u>163.08</u>                    |
| <b>Total</b>   | <u><u>6,960.78</u></u>           | <u><u>3,380.86</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.12.30 Lakhs (Previous year Rs. 37.62 Lakhs) of Sales Tax Loan.

**NOTES FORMING PART OF FINANCIAL STATEMENTS****Note: V NON CURRENT ASSETS**

|   | As at 31-03-2017<br>Rs. In Lakhs | As at 31-03-2016<br>Rs. In Lakhs |
|---|----------------------------------|----------------------------------|
| <b>(a) Property, Plant and Equipments</b>   |                                  |                                  |
| (i) Tangible assets   |                                  |                                  |
| Land - Freehold   | 331.63                           | 52.57                            |
| Land - Leasehold  | 1,791.94                         | 7.55                             |
| Buildings   | 1,680.89                         | 721.69                           |
| Plant & Equipment   | 2,891.27                         | 1,661.63                         |
| Furniture & Fixtures  | 33.20                            | 5.49                             |
| Vehicles  | 61.27                            | 59.38                            |
| Computer  | 22.89                            | 17.88                            |
| Office Equipments   | 29.68                            | 15.78                            |
|   | 6,842.77                         | 2,541.97                         |
| (ii) Intangible Assets  |                                  |                                  |
| Software  | 26.25                            | 12.16                            |
| Goodwill  | 1,465.10                         | -                                |
|   | 1,491.35                         | 12.16                            |
| (iii) Capital Work in Progress  | 299.83                           | 501.72                           |
| <b>(b) Non Current Investments (At Cost)</b>  |                                  |                                  |
| Investment in Equity shares (Unquoted, Non Trade, Long Term)  |                                  |                                  |
| 3000 (Previous year 1000) Fully Paid Equity Shares of Rs. 50/- each in Dombivali Nagari Sahakari Bank Ltd.            | 1.50                             | 0.50                             |
| 369250 (Previous year 329250) Fully Paid Equity Shares of Rs. 10/- each in Janakalyan Sahakari Bank Ltd.              | 36.92                            | 36.92                            |
| 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                             |
| In 100% Subsidiary Company Outside India 500 Fully paid up Equity shares of Borax Morarji (Europe) GmbH of € 50 each. | 16.77                            | -                                |
|   | 55.85                            | 38.08                            |
| <b>(c) Deferred Tax Assets (Net)*</b>   | -                                | 2,654.15                         |
| <b>(d) Long Term Loans and Advances</b>   |                                  |                                  |
| Security deposits   | 226.82                           | 156.41                           |
| Balances with Excise, Customs, public bodies etc.   | 9.81                             | 9.81                             |
|   | 236.63                           | 166.22                           |
| <b>(e) Unsecured, Considered Doubtful</b>   |                                  |                                  |
| Security and Other deposits   | 28.00                            |                                  |
| Less: Provision   | 28.00                            | -                                |
|   | -                                |                                  |
| <b>Total</b>  | 8,926.43                         | 5,914.30                         |

\*Pursuant to the Scheme of Arrangement between Borax Morarji Limited (BML, The Transferor Company) and The Dharamsi Morarji Chemical Company Limited (DMCC, The Transferee Company) Deferred Tax Asset has been fully written off as on April 01, 2016.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## V-(a) Fixed assets - Tangible and Intangible

Rs. in Lakhs

| Description                            | GROSS BLOCK      |  |               |             |                  | DEPRECIATION     |   |             |               |                  | IMPAIRMENT LOSS | NET BLOCK        |                  |
|--|------------------|--|---------------|-------------|------------------|------------------|---|-------------|---------------|------------------|-----------------|------------------|------------------|
|  | As on 01.04.2016 | Addition Pursuant to Scheme of arrangement | Addition      | Deductions  | As on 31.03.2017 | As on 01.04.2016 | on addition Pursuant to Scheme of arrangement | Deductions  | For the Year  | As on 31.03.2017 |                 | As on 31.03.2017 | As on 31.03.2016 |
| <b>(i) Tangible Assets</b>             |                  |  |               |             |                  |                  |   |             |               |                  |                 |                  |                  |
| Free Hold Land                         | 52.57            | 279.06                                     | -             | -           | 331.63           | -                | -   | -           | -             | -                | -               | 331.63           | 52.57            |
| Lease Hold Land                        | 12.49            | 1,848.42                                   | -             | -           | 1,860.91         | 4.94             | 43.14   | -           | 20.89         | 68.97            | -               | 1,791.94         | 7.55             |
| Buildings                              | 1,228.44         | 1,001.05                                   | 92.25         | -           | 2,321.74         | 506.75           | 73.46   | -           | 60.64         | 640.85           | -               | 1,680.89         | 721.69           |
| Plant & Equipments - Owned             | 9,052.88         | 1,328.59                                   | 771.23        | -           | 11,152.70        | 6,661.97         | 626.12  | -           | 244.06        | 7,532.15         | 729.28          | 2,891.27         | 1,661.63         |
| Furniture & Fixtures                   | 93.96            | 27.78                                      | 6.79          | -           | 128.53           | 88.47            | 3.64  | -           | 3.22          | 95.33            | -               | 33.20            | 5.49             |
| Vehicles                               | 95.92            | 40.30                                      | 6.08          | 4.69        | 137.61           | 36.54            | 30.82   | 4.45        | 13.43         | 76.34            | -               | 61.27            | 59.38            |
| Computer                               | 65.60            | 10.71                                      | 15.65         | 1.59        | 90.37            | 47.72            | 8.78  | 1.51        | 12.49         | 67.48            | -               | 22.89            | 17.88            |
| Office Equipments                      | 116.25           | 6.94                                       | 17.19         |             | 140.38           | 100.47           | 5.03  |             | 5.20          | 110.70           | -               | 29.68            | 15.78            |
| <b>TOTAL Tangible Assets (i)</b>       | <b>10,718.11</b> | <b>4,542.85</b>                            | <b>909.19</b> | <b>6.28</b> | <b>16,163.87</b> | <b>7,446.86</b>  | <b>790.99</b>                                 | <b>5.96</b> | <b>359.93</b> | <b>8,591.82</b>  | <b>729.28</b>   | <b>6,842.77</b>  | <b>2,541.97</b>  |
| <b>(ii) Intangible Asset (At cost)</b> |                  |  |               |             |                  |                  |   |             |               |                  |                 |                  |                  |
| Software                               | 12.99            | 10.20                                      | 16.96         | -           | 40.15            | 0.83             | 1.36  | -           | 11.71         | 13.90            | -               | 26.25            | 12.16            |
| Goodwill                               |                  | 1,465.10                                   |               |             | 1,465.10         | -                | -   | -           | -             | -                | -               | 1,465.10         | -                |
| <b>Total Intangible Assets (ii)</b>    | <b>12.99</b>     | <b>1,475.30</b>                            | <b>16.96</b>  | <b>-</b>    | <b>1,505.25</b>  | <b>0.83</b>      | <b>1.36</b>                                   | <b>-</b>    | <b>11.71</b>  | <b>13.90</b>     | <b>-</b>        | <b>1,491.35</b>  | <b>12.16</b>     |
| <b>TOTAL ((i) + (ii))</b>              | <b>10,731.10</b> | <b>6,018.15</b>                            | <b>926.15</b> | <b>6.28</b> | <b>17,669.12</b> | <b>7,447.69</b>  | <b>792.35</b>                                 | <b>5.96</b> | <b>371.64</b> | <b>8,605.72</b>  | <b>729.28</b>   | <b>8,334.12</b>  | <b>2,554.13</b>  |
| Previous Year                          | 10,397.86        |  | 336.06        | 2.82        | 10,731.10        | 7,224.56         |   | 2.70        | 225.83        | 7,447.69         | 729.28          | 2,554.13         |                  |



# NOTES FORMING PART OF FINANCIAL STATEMENTS

**Note: VI Current Assets**

|  | As at 31-03-2017<br>Rs. In Lakhs | As at 31-03-2016<br>Rs. In Lakhs |
|--|----------------------------------|----------------------------------|
| <b>(a) Inventories (For policy on valuation basis refer Note No. XII(2))</b> |                                  |                                  |
| Raw materials  | 448.15                           | 567.55                           |
| Material in process (Manufactured)   | 48.75                            | 22.19                            |
| Finished Goods - Own   | 647.31                           | 567.43                           |
| Finished Goods - Traded  | 95.20                            | -                                |
| Stores and Spares  | 411.99                           | 368.22                           |
|  | 1,651.40                         | 1,525.39                         |
| <b>(b) Current Investments</b>   | 151.20                           | -                                |
| <b>(c) Trade Receivables</b>   |                                  |                                  |
| Unsecured, considered good   |                                  |                                  |
| Outstanding for a period of more than six months                             | 143.97                           | 565.40                           |
| Outstanding for a period of less than six months                             | 1,994.07                         | 731.46                           |
|  | 2,138.04                         | 1,296.86                         |
| <b>(d) Cash and Bank Balances</b>  |                                  |                                  |
| Balances with Banks in Current Accounts                                      | 333.86                           | 135.58                           |
| Cash on hand   | 1.80                             | 0.89                             |
| Fixed deposits with Banks kept as margin money for issuing Bank Guarantee.   | 151.93                           | 63.79                            |
| Fixed deposits in Bank   | 147.71                           | 135.00                           |
| Balance with Bank for Unpaid Dividend  | 2.14                             | -                                |
|  | 637.44                           | 335.26                           |
| <b>(e) Other Current Assets</b>  |                                  |                                  |
| Prepaid Expenses   | 87.16                            | 32.70                            |
| Deposits with Excise, Sales Tax, Customs and other Government bodies         | 504.34                           | 166.69                           |
| Advance tax (Net of Provision for Taxation)                                  | 121.88                           | 12.33                            |
| Others*  | 663.04                           | 145.73                           |
|  | 1,376.42                         | 357.45                           |
| <b>Total</b>   | 5,954.50                         | 3,514.96                         |

\* Other Current Assets - Others include Rs. 500.00 lakhs receivable in respect of sale of Land at Ambernath in earlier years by erstwhile Borax Morarji Ltd. The Company is pursuing the matter for obtaining the necessary approval from the Government of Maharashtra, on receipt of which the Conveyance deed will be executed and registered in due course.





# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note VI(a) Details of Inventories in Rs. Lakhs

| <b>Raw Materials</b>     | <b>Opening Stock<br/>Rs. In Lakhs</b> | <b>Closing Stock<br/>Rs. In Lakhs</b> |
|--------------------------|---------------------------------------|---------------------------------------|
| Sulphur                  | 409.54                                | 84.75                                 |
|                          | (264.44)                              | (409.54)                              |
| Special Denatured Spirit | 26.18                                 | 63.30                                 |
|                          | (1.27)                                | (26.18)                               |
| Boron based materials    | –                                     | 221.48                                |
|                          | –                                     | –                                     |
| Others                   | 131.83                                | 78.62                                 |
|                          | (24.23)                               | (131.83)                              |
| <b>Total</b>             | <u>567.55</u>                         | <u>448.15</u>                         |
|                          | (289.94)                              | (567.55)                              |

Figures in bracket are in respect of the previous year

## Finished Goods (Own)

|                                   | <b>Opening Stock<br/>Rs. In Lakhs</b> | <b>Closing Stock<br/>Rs. In Lakhs</b> |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Commodity Chemicals               | 52.99                                 | 22.55                                 |
|                                   | (69.56)                               | (52.99)                               |
| Speciality Chemicals              | 511.03                                | 336.80                                |
|                                   | (468.80)                              | (511.03)                              |
| Boron based Chemicals             | –                                     | 287.96                                |
|                                   | –                                     | –                                     |
| Others                            | 3.41                                  | –                                     |
|                                   | (7.05)                                | (3.41)                                |
| Total Manufactured Finished Goods | <u>567.43</u>                         | <u>647.31</u>                         |
|                                   | (545.41)                              | (567.43)                              |

Figures in bracket are in respect of the previous year



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note VII: Revenue from Operations

|  | for the year ended<br>on 31.03.2017<br>Rs.in Lakhs | for the year ended<br>on 31.03.2016<br>Rs.in Lakhs |
|--|--|--|
| a) From sale of Products - Own - Chemicals |  |  |
| Commodity Chemicals                        | 8,991.61   | 4,427.19   |
| Speciality Chemicals                       | 9,182.60   | 5,902.72   |
| Other Chemicals                            | 381.31   | 230.11   |
| Traded sales                               | 212.91   | 23.68  |
| Royalty (Ship Brand)                       | 63.33  | 80.72  |
|  | 18,831.76  | 10,664.42  |
| b) Other Operating Income                  | 142.97   | 95.94  |
| <b>TOTAL</b>                               | <b>18,974.73</b>                                   | <b>10,760.36</b>                                   |

## Note VIII: Other Income

|                             | for the year ended<br>on 31.03.2017<br>Rs. In Lakhs | for the year ended<br>on 31.03.2016<br>Rs. In Lakhs |
|-----------------------------|---|---|
| Interest Income             | 33.86   | 21.18   |
| Dividend Income             | 1.14  | 2.19  |
| Other non -operating income | 9.23  | 19.38   |
| <b>TOTAL</b>                | <b>44.23</b>  | <b>42.75</b>  |

## Note IX: Cost of materials consumed

|   | for the year ended<br>on 31.03.2017<br>Rs. In Lakhs | for the year ended<br>on 31.03.2016<br>Rs. In Lakhs |
|---|---|---|
| Sulphur   | 2,932.57  | 3,119.09  |
| Special Denatured Spirit  | 1,031.61  | 456.50  |
| Boron Based Materials   | 3,826.50  | -   |
| Others  | 2,218.57  | 1,799.36  |
| Purchases of stock in trade   | 100.87  | 21.85   |
| Cost of packing materials consumed  | 291.96  | 282.32  |
| Decrease/(Increase) in inventories of finished goods, work in progress and Traded goods | (51.57)   | (40.10)   |
|   | <b>10,350.51</b>                                    | <b>5,639.02</b>                                     |



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note X: Employee Benefits Expense

|   | for the year ended<br>on 31.03.2017<br>Rs. In Lakhs | for the year ended<br>on 31.03.2016<br>Rs. In Lakhs |
|---|---|---|
| Salaries and Wages (Net after Repairs)(*)                   | 1,058.34  | 652.54  |
| Contribution to Provident Fund                              | 34.18   | 30.92   |
| Contribution to Other Funds (Gratuity, Superannuation, etc) | 108.43  | 55.41   |
| Staff Welfare Expenses                                      | 83.87   | 44.90   |
| <b>Total</b>  | <b>1,284.82</b>                                     | <b>783.77</b>                                       |
| (*) Salaries & Wages allocated to Repairs etc.              | 34.06   | 42.89   |

## Note XI: Other Expenses Rs. in Lakhs

|   | for the year ended<br>on 31.03.2017 | for the year ended<br>on 31.03.2016 |
|---|-------------------------------------|-------------------------------------|
| Power & Fuel  | 760.76                              | 532.15                              |
| Repairs to buildings  | 13.48                               | 3.56                                |
| Repairs to machinery  | 589.93                              | 609.15                              |
| Insurance   | 34.07                               | 19.13                               |
| Rates and taxes   | 18.53                               | 74.66                               |
| Internal handling, Freight and carriage outward                 | 402.79                              | 357.71                              |
| Net loss/(gain) on foreign currency transactions                | 23.82                               | (1.75)                              |
| <b>Auditors' Remuneration</b>                                   |                                     |                                     |
| Audit fees  | 9.01                                | 4.50                                |
| Tax audit fees  | 2.23                                | 1.40                                |
| For other services  | 4.52                                | 2.50                                |
| Reimbursement of out of pocket expenses                         | 0.66                                | 0.38                                |
| Sundry balances written off / (written back) (net)              | (4.29)                              | (53.47)                             |
| Written Down Value Assets Scrapped/Loss on Sale of Fixed Assets | 0.15                                | 0.01                                |
| Miscellaneous expenses  | 2,469.77                            | 1,173.97                            |
| <b>TOTAL</b>  | <b>4,325.43</b>                     | <b>2,723.90</b>                     |
| (*) Consumption of Stores & Spares allocated to Repairs etc.    | 301.13                              | 312.28                              |



# CASHFLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2017

| Particulars  | For the year ended<br>on 31-03-2017<br>Rs. In Lakhs |                 | For the year ended<br>on 31-03-2016<br>Rs. In Lakhs |                 |
|--|---|-----------------|---|-----------------|
| Cash flow from Operating Activities                  |   |                 |   |                 |
| Net Profit/(Loss) before Tax                         |   | 2,177.36        |   | 1314.55         |
| Adjustments for<br>Add:                              |   |                 |   |                 |
| Written Down Value of Assets Scrapped                | 0.15  |                 | 0.01  |                 |
| Depreciation   | 371.64  |                 | 225.83  |                 |
| Unrealised Forex adjustment loss                     | 14.37   |                 |   |                 |
| Interest charged                                     | 509.20  | 895.36          | 116.04  | 341.88          |
| Less:  |   |                 |   |                 |
| Dividend Income                                      | 1.14  |                 | 2.19  |                 |
| Interest income                                      | 33.86   | 35.00           | 21.18   | 23.37           |
| Operating Profit before working capital changes      |   | <b>3037.72</b>  |   | <b>1633.06</b>  |
| Adjustment<br>Add:                                   |   |                 |   |                 |
| Decrease/ (Increase) in Inventories                  | 534.74  |                 | (322.05)  |                 |
| Decrease / (Increase) in Trade Receivables           | (441.64)  |                 | 135.66  |                 |
| Decrease / (Increase) in Other Current Assets        | 156.84  |                 | 146.99  |                 |
| Increase / (Decrease) in Trade Payable               | 44.79   |                 | 198.64  |                 |
| Increase / (Decrease) in Short Term Provisions       | (105.55)  |                 | 52.43   |                 |
| Increase / (Decrease) in Long Term Provisions        | (36.29)   |                 | (39.07)   |                 |
| Increase / (Decrease) in Long Term Liabilities       |   |                 | (5.00)  |                 |
| Increase / (Decrease) in Other Current Liabilities   | 283.98  | 436.87          | 30.82   | 198.42          |
| Add: Taxes Paid (MAT)                                |   | (639.13)        |   | (117.38)        |
| Cash Generated / (used) in Operating Activities      |   | <b>2835.46</b>  |   | <b>1714.10</b>  |
| Cash Flow from Investing Activities                  |   |                 |   |                 |
| Add:   |   |                 |   |                 |
| Sale of Fixed Assets                                 | 0.16  |                 | 0.11  |                 |
| Interest Received                                    | 33.86   |                 | 21.18   |                 |
| Dividend Received                                    | 1.14  | 35.16           | 2.19  | 23.48           |
| Less:  |   |                 |   |                 |
| Purchase of Fixed Assets                             | 912.24  |                 | 336.06  |                 |
| Increase / (Decrease) in Capital Work in Progress    | (201.89)  |                 | 442.81  |                 |
| Purchase of Investment                               | 150.00  | 860.35          | 4.00  | 782.87          |
| Cash Generated from / (used in) Investing Activities |   | <b>(825.19)</b> |   | <b>(759.39)</b> |



# CASHFLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2017

|  |        |                  |        |                 |
|--|--------|------------------|--------|-----------------|
| Cash Flow from Financing Activities                            |        |                  |        |                 |
| Add:   |        |                  |        |                 |
| Receipt from issue of Equity Shares inclusive of share premium | 600.00 |                  | –      |                 |
| Receipt of Loan from Director                                  | 120.00 |                  | –      |                 |
| Increase in Short Term Borrowing                               | 3.79   |                  | –      |                 |
| Receipt of Interest free Sales Tax Loan from Meda              | –      |                  |        |                 |
| Receipt of Car Loan from Bank                                  | –      |                  | 12.71  |                 |
| Receipt of Project Loan from Bank                              | –      |                  | –      |                 |
| Receipt of Property Loan from Bank                             |        | 723.79           | 111.57 | 124.28          |
|  |        |                  |        |                 |
| Less:  |        |                  |        |                 |
| Repayment of Intercompany deposits                             | 313.00 |                  | 89.80  |                 |
| Repayment of Fixed Deposits                                    | 48.04  |                  | –      |                 |
| Repayment of Loans to Director                                 | 825.00 |                  | 720.43 |                 |
| Resumption of Preference Share Capital                         | 600.00 |                  | –      |                 |
| Interest paid  | 368.64 |                  | 116.04 |                 |
| Repayment of Bank Car Loan                                     | 6.88   |                  | –      |                 |
| Repayment of Working Capital Loan                              | 96.53  |                  | 87.54  |                 |
| Repayment of Project Loan to Bank                              | 87.72  |                  | 68.53  |                 |
| Repayment of Property Loan from Bank                           | 53.51  |                  | –      |                 |
| CC Loan repaid   | 67.26  |                  | –      |                 |
| MEDA Loan repaid   | 78.48  | 2545.06          | –      | 1082.34         |
|  |        |                  |        |                 |
| Cash Generated from / (used in) Financing Activities           |        | <b>(1821.27)</b> |        | <b>(958.06)</b> |
|  |        |                  |        |                 |
| Net Cash Increase / (Decrease) in Cash & Bank Balances         |        | 189.00           |        | (3.35)          |
| Add: Cash & Bank Balances at the beginning of the year         |        |                  |        |                 |
| Cash and Cash Equivalents                                      | 136.47 |                  | 275.19 |                 |
| Other Bank Balances (Restrictive use)                          | 311.97 | 448.44           | 63.42  | 338.61          |
|  |        |                  |        |                 |
| Cash & Bank Balances at the end of the year                    |        |                  |        |                 |
| Cash and Cash Equivalents                                      | 335.66 |                  | 136.47 |                 |
| Other Bank Balances (Restrictive use)                          | 301.78 | 637.44           | 198.79 | 335.26          |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



## **SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR APRIL 2016 TO MARCH 2017**

### **1 CORPORATE INFORMATION**

The Company is engaged in the business of Commodity Chemicals and Speciality Chemicals

Borax Morarji Ltd. has been merged with The Company with effect from the appointed date i.e. 01.04.2016, as approved by the Mumbai bench of Honourable National Company Law Tribunal (NCLT) on 18.10.2017.

Upon the coming into effect of the Scheme of Amalgamation, the assets and liabilities of the transferee company have been recorded at their fair values as determined by Board of Directors of the Transferee Company and accordingly suitable effects have been given for the purpose of reflecting the fair value of the assets and liabilities of the transferor company taken over by the transferee company in accordance with the relevant Accounting policies and methods followed by the Company.

### **2 Basis of Accounting**

The Financial Statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India ( Indian GAAP) under the Historical Cost Convention on an accrual basis of accounting. The Company has prepared Financial Statements to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules 2014.

The Accounting Policies adopted in the preparation in Financial Statements are consistent with those of previous year.

#### **Use of Estimates and Judgements**

In preparation of the Financial Statements, in conformity with Indian GAAP, the management is required to make Judgements, Estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty of these assumptions and estimates could result in the outcomes different from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### **Fixed Assets**

##### **Tangible 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. Fixed Assets of erstwhile Borax Morarji Ltd. are stated at the fair value as determined by the management of the Company pursuant to the scheme of arrangement.

##### **Intangible Assets**

Goodwill is to be tested for impairment

#### **Method of Depreciation**

Depreciation on all Fixed Assets is provided on Straight Line method as per the useful life specified in schedule II to the Companies Act, 2013

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 up to the date of commissioning.

#### **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.

### **Valuation of Inventories**

Inventories 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 cost. 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.

### **Revenue**

Revenue from Gross Sales include Processing Charges, Excise Duty, 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. For goods sent on consignment basis, revenue from sale is recognized upon its intimation by the consignment agents. Royalty income on account of usage of Company's Product Brand name is accounted for as per the agreed terms with the concerned manufacturers.

### **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**

#### **Contribution Plans:**

Contributions to the Company's Provident Fund, Family Pension Fund, Superannuation Fund are being charged to the Statement of Profit and Loss.

#### **Benefit Plans:**

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 the Statement of Profit & Loss. Gratuity Benefits (based on actuarial valuation) is charged to statement of Profit & Loss.

### **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 conversion is taken credit for or charged to the Statement of Profit and Loss.



### 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.

| 3                               | Contingent Liabilities and Commitments             | Rs. in Lakhs           |                        |
|---------------------------------|--|------------------------|------------------------|
|                                 |  | As at 31st March, 2017 | As at 31st March, 2016 |
| <b>A Contingent Liabilities</b> |  |                        |                        |
| (i)                             | Outstanding claims in respect of Excise Duty, etc. | 128.07                 | 128.07                 |
| (ii)                            | Guarantees given by the Company's Bankers          | 42.80                  | 18.50                  |
| (iii)                           | Others - Arrears of Cumulative Preference Dividend | 64.81                  | 681.81                 |
| (iv)                            | Claims against Company not acknowledged as debts   | 55.76                  | 55.76                  |

The Company has reviewed all its pending litigations & proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable. The Company does not expect the outcome of these proceedings to have the materially adverse effect.

### B Commitments

|     | Rs. in Lakhs   |                        |       |
|-----|--|------------------------|-------|
|     | As at 31st March, 2017   | As at 31st March, 2016 |       |
| (i) | Estimated Amount of Contracts remaining to be executed on Capital Account & not provided for (Net of Advances)   | 51.70                  | 17.72 |
| 4   | In view of the "Unabsorbed Depreciation" & "Unabsorbed Business Losses" accruing from the past years, there is no taxable income during the year ended 31st March, 2017 and for the year ended 31st March, 2016. In view of book profit in the current year in terms of Section 115JB of the Income Tax Act, 1961, provision has been made for Rs. 443.94 lakhs towards Minimum Alternate Tax(MAT) during the year ended 31.03.2017(Previous year 117.38 Lakhs). |                        |       |
| 5   | During the year, the manufacturing of Fertilizers at Khemli Factory of the Company remained closed for the entire year and hence the fertilizer segment will no longer be a primary business of the Company. There is only one reportable segment i.e chemicals business of the Company.   |                        |       |

### 6 Other Additional information:

| (i)                                   | VALUE OF RAW MATERIALS AND BOUGHTOUTS, STORES, SPARES AND COMPONENTS CONSUMED | Apr 16/Mar 17       | Apr 15/Mar 16        |
|---------------------------------------|---|---------------------|----------------------|
|                                       |   | Value (Rs.in Lakhs) | Value (Rs.in Lakhs)  |
| Raw Materials and Boughtouts:         |   |                     |                      |
|                                       | Imported  | 1724.45<br>(16.60%) | —<br>—               |
|                                       | Indigenous  | 8663.77<br>(83.40%) | 5639.02<br>(100.00%) |
| <b>Stores, Spares and Components:</b> |   |                     |                      |
|                                       | Imported  |                     |                      |
|                                       | Indigenous  | 273.73<br>(100.00%) | 312.28<br>(100.00%)  |





|   |         |         |
|---|---------|---------|
| <b>(ii) VALUE OF IMPORTS CALCULATED ON CIF BASIS:</b>       |         |         |
| Raw Materials & Boughtouts                                  | 1224.47 | 0.00    |
|   | (0)     | (0)     |
| <b>(iii) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:</b> |         |         |
| Foreign tours, Subscription, etc.                           | 172.20  | 111.19  |
| <b>(iv) EARNINGS IN FOREIGN CURRENCY IN RESPECT OF:</b>     |         |         |
| Export of goods calculated on FOB basis                     | 4599.68 | 3826.39 |

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

|   | Apr 16/Mar 17 | Apr 15/Mar 16 |
|---|---------------|---------------|
| Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax thereon (Rs. Lakhs) | 1,724.99      | 1,130.97      |
| Denominator - weighted average number of equity shares  | 24,536,556    | 21,257,821    |
| Basic, as well as diluted, earnings per equity share ( in Rupees )                                    | 7.03          | 5.32          |

**8 Segment Reporting:**

**a) Primary Business Segment:**

The Company is engaged in manufacture of Chemicals. As the Company is engaged only in one business segment.

**b) Secondary Geographical Segment**

**Sales Turnover : -**

- i) In India
- ii) Outside India
- Total

|                   | Rs. In Lakhs    |                 |
|-------------------|-----------------|-----------------|
|                   | Apr 16/Mar 17   | Apr 15/Mar 16   |
| i) In India       | 14142.11        | 6753.64         |
| ii) Outside India | 4689.65         | 3910.78         |
| Total             | <u>18831.76</u> | <u>10664.42</u> |

**9 Related Parties Disclosures:**

**(A) Name of the Related Parties**

- (i) Shri L. N. Goculdas, Promoter and Chairman (holding more than 20% of the voting power)
- (ii) The Natural Gas Co.Pvt.Ltd.
- (iii) L.P.Gas Transport & Bottling Co. Pvt.Ltd.
- (iv) Phoenix Distributors Pvt.Ltd.
- (v) Jasraj Trading Co.
- (vi) Kosan Industries Pvt.Ltd.
- (vii) Bombay Foods Pvt.Ltd.

**(B) Key Management Personnel**

Nature of Relationship

- (i) Shri B. L. Goculdas Chief Executive Officer
- (ii) Shri D. T. Gokhale Executive Vice President & Company Secretary
- (iii) Shri D. K. Sundaram Chief Finance Officer

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

|   |             |
|---|-------------|
| Sitting Fees for attending Board and Committee meetings (including BML) | Rs.in Lakhs |
|   | 2.30        |
|   | (1.00)      |

**(D) Transactions with Related Parties**

|   |              |
|---|--------------|
| (i) Purchase of Goods/Services Received by the Company                        | Rs. in Lakhs |
| Borax Morarji Ltd.  | -            |
|   | (117.86)     |
| L.P.Gas Transport & Bottling Co. Pvt.Ltd.                                     | 119.86       |
|   | (15.36)      |
| Purchase of Fixed Assets - Equipments by the Company from Borax Morarji Ltd., | -            |
|   | (40.45)      |



|   |  |                    |
|---|--|--------------------|
| (ii) Sale of Goods/Services Rendered by the Company   |  |                    |
| Borax Morarji Ltd.  |  | –                  |
|   |  | (75.64)            |
| Borax Morarji (Europe) GMBH   |  | 266.96             |
|   |  | (166.98)           |
| (iii) Expenses Reimbursed (Net) by the Company to Borax Morarji Ltd.                          |  | (0.25)             |
| (iv) Closing balance of Borax Morarji Ltd. included in Current Liability of the Company       |  | –                  |
|   |  | (9.72)             |
| Closing balance of Borax Morarji Ltd. included in Current Assets of the Company               |  | –                  |
|   |  | (77.20)            |
| (v) Closing balance of Borax Morarji (Europe) GMBH included in Current Assets of the Company  |  | 37.80              |
|   |  | (72.60)            |
| (vi) Closing balance of L.P. Gas & Bott. P. Ltd. included in Current Liability of the Company |  | 54.61              |
|   |  | (2.27)             |
| (vii) Closing balance included in Unsecured Loan of the Company                               |  | 134.00             |
|   |  | (134.00)           |
| <b>(E) Transactions relating to Key Management Personnel</b>                                  |  | <b>Rs.in Lakhs</b> |
| (i) Remuneration  |  | 86.40              |
|   |  | (72.00)            |
| (ii) Rent / HRA paid for residential accommodation / other benefits                           |  | 19.06              |
|   |  | (17.39)            |
| (iii) Unsecured Loan taken by the Company and outstanding as at the year end                  |  | 940.47             |
|   |  | (995.00)           |

Related party relationships are as identified by the Company and relied upon by the Auditors.  
Figures in brackets pertain to Previous Year

#### 10 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 31.03.2017, the required data is as follows:

##### (i) Continuing Employees:

#### I Expense recognised in the statement of Profit & Loss Account for period ended 31st March 2017

|  | Rs. in Lakhs    |                  |                 |                  |
|--|-----------------|------------------|-----------------|------------------|
|  | Apr 16 / Mar 17 |                  | Apr 15 / Mar 16 |                  |
|  | GRATUITY        | LEAVE ENCASHMENT | GRATUITY        | LEAVE ENCASHMENT |
| 1. Current Service Cost                | 15.21           | 17.85            | 14.91           | 16.21            |
| 2. Interest Cost                       | 11.79           | 3.84             | 12.35           | 3.08             |
| 3. Past Service Cost (vested benefits) | –               | –                | –               | –                |
| 3. Expected Return on plan assets      | –               | –                | –               | –                |
| 4. Actuarial (Gain) / Losses           | 32.70           | (9.82)           | 2.19            | (13.92)          |
| 5. Total Expenses                      | 59.70           | 11.87            | 29.45           | 5.37             |


**II Net Assets/(Liability) recognised in the Balance Sheet as at 31/03/2017**

|  |          |         |          |         |
|--|----------|---------|----------|---------|
| 1. Present value of Defined Benefit Obligation as at 31st March 2017 | 200.54   | 55.49   | 162.30   | 42.43   |
| 2. Fair Value of plan assets as at 31st March 2017                   | 17.55    | –       | –        | –       |
| 3. Funded Status [(Surplus)/(Defecit)]                               | (182.99) | (55.49) | (162.30) | (42.43) |
| 4. Net asset / (Liability) as at 31st March 2017                     | (182.99) | (55.49) | (162.30) | (42.43) |

**III Change in Obligation during the period ended 31st March 2017**

|   |         |         |         |         |
|---|---------|---------|---------|---------|
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 175.25  | 53.24   | 175.95  | 40.04   |
| 2. Current Service Cost   | 15.21   | 17.85   | 14.91   | 16.21   |
| 3. Interest Cost  | 11.79   | 3.84    | 12.35   | 3.08    |
| 4. Settlement Cost  | (0.13)  | –       | –       | –       |
| 5. Past Service Cost - (Vested Benefits)                                    | –       | –       | –       | –       |
| 6. Employee Contribution  | 4.68    | –       | –       | –       |
| 5. Actuarial (Gain) / Losses  | 32.75   | (15.00) | 2.19    | (13.92) |
| 6. Benefits Payments  | (47.88) | (4.43)  | (43.10) | (2.98)  |
| 7. Present value of Defined Benefit Obligation at the end of the year       | 191.67  | 55.50   | 162.30  | 42.43   |

**IV Change in Assets During the period ended 31st March 2017**

|   |         |        |         |        |
|---|---------|--------|---------|--------|
| 1. Plan assets at the beginning of the year | 12.95   | –      | –       | –      |
| 2. Settlements                              | (0.13)  | –      | –       | –      |
| 3. Expected return on plan assets           | 1.33    | –      | –       | –      |
| 4. Contributions by employers               | 52.56   | 4.43   | 43.10   | 2.98   |
| 5. Actual benefits paid                     | (47.88) | (2.98) | (43.10) | (2.98) |
| 6. Actuarial {Gain / (Losses)}              | (1.28)  | –      | –       | –      |
| 7. Plan assets at the end of the year       | 0.05    | –      | –       | –      |
| 8. Actual return on plan assets             | –       | –      | –       | –      |

**V Actuarial Assumptions:**

|   |          |          |          |          |
|---|----------|----------|----------|----------|
| 1. Discount Rate                          | ,7.20%   | ,7.20%   | ,7.57%   | ,7.57%   |
| 2. Expected rate of return on plan assets | 0%       | 0%       | 0%       | 0%       |
| 3. Salary Escalation rate                 | 1%       | 1%       | 1%       | 1%       |
| 3. Mortality Rate                         | IALM2008 | IALM2008 | IALM2008 | IALM2008 |
| <b>(ii) For Ex-employees</b>              | 90.74    | 8.59     | 122.31   | 10.14    |

**11 Statement showing unhedged foreign currency exposure:**

|                    | Currency | Year Ended 31st | March 2017   |
|--------------------|----------|-----------------|--------------|
|                    |          | Amount in FC    | Rs. in Lakhs |
| <b>Liabilities</b> | USD      | 5.61            | 364.37       |
| Trade Payable      |          |                 |              |
| <b>Assets:</b>     |          |                 |              |
| Trade Receivable   | EURO     | 0.83            | 56.69        |
|                    | USD      | 7.81            | 502.89       |



## 12 Disclosure on Specified Bank Notes:

During the year, the Company had specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308('E), dated 31st March 2017. The details of SBNs held and transacted during the period from 8th November 2016 to 30th December 2016, the denominations-wise SBNs and other notes as per the notification are as follows:

| Particulars  | SBNs*        | Other Denomination notes | Total        |
|--|--------------|--------------------------|--------------|
| Closing Cash in Hand as on 8th November 2016         | 1,330,000.00 | 69,770.61                | 1,399,770.61 |
| Add :- Permitted Receipts / Cash withdrawn from Bank |              | 1,570,840.00             | 1,570,840.00 |
| Less :- Permitted Payments                           |              | 1,277,090.90             | 1,277,090.90 |
| Less :- Amount Deposited in Banks                    | 1,330,000.00 | –                        | 1,330,000.00 |
| Closing Cash in Hand as on 30th December 2016        |              | 363,519.71               | 363,519.71   |

\*For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407('E), dated 8th November 2016.

Figures in respect of the previous year have been regrouped / rearranged wherever necessary. Current year figures are post merger and hence not comparable with those of the previous year.

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer

# **Consolidated Reports**



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED

### **Report on the Consolidated Financial Statements (After Merger of Borax Morarji Limited)**

We have audited the accompanying consolidated financial statements of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED (hereinafter referred to as “the Holding Company”) wherein the effect of merger of Borax Morarji Limited with the Company has been given pursuant to the approved Scheme of Arrangement with effect from the Appointed Date i.e. 1st April, 2016 and its Subsidiary i.e. Borax Morarji (Europe) GmbH (the Holding Company and its subsidiary together referred to as “the Group”).

These consolidated financial statements comprise of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance), consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the Company, its subsidiary are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs (financial position) of the Group as at 31st March, 2017, its consolidated profit (financial performance), consolidated cash flows of the Company for the year ended on that date.

### **Other Matters**

The Financial Statements of the Subsidiary Company have been compiled up to 31st December, 2016 by the management and have been incorporated in these consolidated financial statements. The transactions between the Company and Subsidiary Company for the period 01.01.2017 to 31.03.2017 are considered as not having any significant impact on these consolidated financial statements by the management.

We did not audit the financial statements / financial information of subsidiary whose financial statements / financial information as considered in the consolidated financial statements which reflect total assets of Rs. 38.49 Lakhs as at 31st March, 2017, total revenue of Rs. 287.63 Lakhs and net cash inflows amounting to Rs.3.85 Lakhs for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.



- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Company, none of the directors of the Holding Company is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 4(A) to the consolidated financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Holding Company.
  - iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 at Note No. 13 and these are in accordance with the books of account maintained by the Holding Company.

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

Place of Signature : Mumbai  
Date : 10th November, 2017

RAJESH S. JOSHI  
Partner  
Membership No. 38526





## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in Para (g) on Report on Other Legal and Regulatory Requirements in our report.**

In conjunction with our audit of the consolidated financial statements of The Dharamsi Morarji Chemical Company Limited as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of The Dharamsi Morarji Chemical Company Limited (hereinafter referred to as "the Holding Company").

In respect of the Subsidiary company, being a small company, the audit and reporting of internal financial controls over financial reporting is not required to be carried out as per the local laws of the country wherein it is incorporated.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the



design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

We did not audit the internal financial controls over financial reporting of the Subsidiary Company.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

The internal financial control system over financial reporting that has been established by the management of the Holding Company consists mainly of manual/automated controls in various business processes. These controls were verified by us, on a test basis during the year, and were found to be operating effectively in all material respects. We are informed that the Company is still in the process of implementing SAP ERP for improved integration and system driven controls.



In our opinion the Holding Company has , in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls were operating effectively as at March 31, 2017 , based on the internal control over financial reporting criteria established by the Company, as stated in the preceding paragraph, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place of Signature : Mumbai  
Date : 10th November, 2017

RAJESH S. JOSHI  
Partner  
Membership No. 38526

**BALANCE SHEET**

AS AT MARCH 31, 2017

| Particulars   | Note No. | As at 31-03-2017<br>(₹ in Lakhs) |
|---|----------|----------------------------------|
| <b>Equity and Liabilities</b>                                     |          |                                  |
| (1) Shareholders' Funds   |          |                                  |
| (a) Share Capital   | I        | 2,773.99                         |
| (b) Reserves and Surplus  | II       | 3,527.89                         |
| (2) Non Current Liabilities                                       | III      |                                  |
| (a) Long Term Borrowings  |          | 1,380.46                         |
| (b) Other Long Term Liabilities                                   |          | 101.81                           |
| (c) Long Term Provisions  |          | 148.98                           |
| (3) Current Liabilities   | IV       |                                  |
| (a) Short Term Borrowings   |          | 1,024.31                         |
| (b) Trade Payables  |          | 3,572.57                         |
| (c) Other Current Liabilities                                     |          | 2,183.76                         |
| (d) Short Term Provisions   |          | 188.83                           |
| <b>TOTAL</b>  |          | <b>14,902.60</b>                 |
| <b>Assets</b>   |          |                                  |
| (1) Non Current Assets  | V        |                                  |
| (a) Fixed Assets  |          |                                  |
| (i) Tangible assets   |          | 6,842.74                         |
| (ii) Intangible assets  |          | 1,499.75                         |
| (iii) Capital Work in Progress                                    |          | 299.83                           |
| (b) Non Current Investments                                       |          | 39.08                            |
| (c) Deferred Tax Assets (Net)                                     |          | -                                |
| (d) Long Term Loans and Advances                                  |          | 236.63                           |
| (2) Current Assets  | VI       |                                  |
| (a) Inventories   |          | 1,651.40                         |
| (b) Current Investments   |          | 151.20                           |
| (c) Trade Receivables   |          | 2,138.04                         |
| (d) Cash and Bank Balances  |          | 667.12                           |
| (e) Other Current Assets  |          | 1,376.81                         |
| <b>TOTAL</b>  |          | <b>14,902.60</b>                 |
| Significant Accounting Policies and other Explanatory Information | XII      |                                  |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



# STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED ON 31ST MARCH, 2017

| Particulars  | Note No. | As at 31-03-2017<br>(₹ in Lakhs) |
|--|----------|----------------------------------|
| Revenue from Operations  | VII      | 18,985.37                        |
| Other Income   | VIII     | 44.33                            |
| <b>Total Revenue</b>   |          | <b>19,029.70</b>                 |
| <b>Expenses</b>  |          |                                  |
| Cost of materials consumed   | IX       | 10,301.21                        |
| Purchase of Stock-in-Trade   | IX       | 100.87                           |
| <b>Changes in inventories of finished goods,<br/>work-in-progress and stock-in trade</b> | IX       | <b>(51.57)</b>                   |
| Employee benefits expense  | X        | 1,284.82                         |
| Finance costs  |          | 509.20                           |
| Dereciation  |          | 372.39                           |
| Other expenses   | XI       | 4,331.91                         |
| <b>Total expenses</b>  |          | <b>16,848.83</b>                 |
| <b>Profit/(Loss) before Exceptional and Extraordinary items and Tax</b>                  |          | <b>2,180.87</b>                  |
| Exceptional items  |          | -                                |
| <b>Profit/(Loss) before Extraordinary items and Tax</b>                                  |          | <b>2,180.87</b>                  |
| Extraordinary items  |          | -                                |
| <b>Profit/(Loss) before Tax</b>  |          | <b>2,180.87</b>                  |
| <b>Tax expenses:</b>   |          |                                  |
| 1) Current tax   |          | 445.02                           |
| 2) Deferred tax  |          | -                                |
| <b>Profit/(Loss) after Tax</b>   |          | <b>1,735.85</b>                  |
| Earning per equity share(Basic & Diluted)  | XII(8)   | 7.04                             |
| Significant Accounting Policies and other Explanatory Information                        | XII      |                                  |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
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Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## NOTE: I SHARE CAPITAL

|   | As at 31-03-2017  |                 |
|---|-------------------|-----------------|
|   | Numbers           | Rs. In Lakhs    |
| (a) Shares authorized   |                   |                 |
| Equity Shares of Rs.10/- each   | 40,000,000        | 4000.00         |
| Preference Shares of Rs.100/- each  | 2,000,000         | 2000.00         |
|   | <u>42,000,000</u> | <u>6000.00</u>  |
| (b) Shares issued   |                   |                 |
| Equity Shares of Rs.10/- each   | 21,846,751        | 2,184.67        |
| Equity Shares of Rs.10/- each to be issued pursuant to the Scheme of Arrangement.                               | 3,093,182         | 309.32          |
| Preference Shares of Rs.100/- each  | 280,000           | 280.00          |
|   | <u>25,219,933</u> | <u>2,773.99</u> |
| (c) Shares subscribed and fully paid :  |                   |                 |
| Equity Shares of Rs.10/- each   | 24,939,933        | 2,493.99        |
| Preference Shares of Rs.100/- each  | 280,000           | 280.00          |
|   | <u>25,219,933</u> | <u>2,773.99</u> |
| (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             | 21,257,821        | 2,125.78        |
| Add: Shares issued during the year*                         | 588,930           | 58.89           |
| Add: Shares to be issued as per the Scheme of Arrangement** | 3,093,182         | 309.32          |
| Shares outstanding at the end of the year                   | <u>24,939,933</u> | <u>2,493.99</u> |

#### Preference Shares

|   |                |               |
|---|----------------|---------------|
| Shares outstanding at the beginning of the year | 880,000        | 880.00        |
| Less: Shares redeemed during the year           | 600,000        | 600.00        |
| Shares outstanding at the end of the year       | <u>280,000</u> | <u>280.00</u> |

### 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.

\*The Company had raised Equity Share Capital by issuing Equity Shares to the Promoter and Promoter Group by preferential offer ( to redeem the 6,00,000, 8% Redeemable Cumulative non-convertible Preference shares of Rs.100/- each aggregating to Rs.600.00 Lakhs) at a price of Rs.101.88 (including a premium of Rs.91.88) per share for aggregate amount of Rs.6,00,00,188/- (Rs. Six Crores One Hundred Eighty eight only) pursuant to the resolution of the Equity Share Allotment Committee at its meeting held on 07.12.2016. Accordingly the Company issued Equity Shares to Promoter and Promoter Group as under:

294465 Equity Shares at a price Rs.101.88 per share (face value of Rs.10/- and Premium of Rs.91.88 per share) to The Natural Gas Company Private Limited and 294465 Equity Shares at a price Rs.101.88 per share (face value of Rs.10/- and Premium of Rs.91.88 per share) to Phoenix Distributors Private Limited.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

Accordingly the Equity Shares stands increased by 588930 Equity Share of Rs. 10/- each aggregating to Rs.5889300/- (Rs. Fiftyeight Lakhs Eightynine Thousand Three Hundred only) and the Security premium account stands increased by an amount Rs.54110888/- (Rs. Five Crores Fortyone Lakhs Ten Thousand Eight Hundred Eightyeight only). Subsequently the Company has redeemed 6,00,000, 8% Redemable non-convertible Preference Share of Rs.100/- each aggregating to Rs.600.00 Lakhs at par.

\*\*Pursuant to the scheme of amalgamation approved by the Honorable National Company Law Tribunal(NCLT), Mumbai Bench, on 18th October, 2017 (the "scheme") Borax Morarji Ltd ("BML" or "the transferor company") has been merged with the Company with effect from 1st April 2016, the Appointed Date.

The scheme provided for issuance of equity shares of the company of Rs.10 each fully paid up to the shareholders of BML in the ratio of 1 (one) equity shares of the DMCC for every 2 (two) equity shares held in BML with effect from 1st April, 2016, the Appointed date, resulting in 22,59,849 equity shares of Rs.10 each fully paid up to be issued to BML Equity shareholders.

The scheme also provided for issuance of 10 (Ten) equity shares of the DMCC of Rs.10 each fully paid up for every 108 (one hundred eight) fully paid up Preference shares of Rs.10 each held in the BML with effect from 1st April 2016, the Appointed date, resulting in 8,33,333 equity shares of Rs.10 each fully paid up to be issued to Preference shareholder of BML.

The amalgamation has been accounted as 'amalgamation in the nature of purchase' in accordance with the terms of the scheme and consequently the purchase method has been used. The Assets and Liabilities of the erstwhile BML as at 1st April, 2016 have been taken over at their fair values as determined by the Board of Directors of the Company and accordingly suitable effects have been given for the purpose of reflecting the fair value of the assets and liabilities of the transferor company taken over by the transferee company in accordance with the relevant Accounting policies and methods followed by the transferee company.

The Company is yet to issue and allot equity shares to the Shareholders of BML pursuant to the scheme, However, the equity shares to be allotted have already been considered as issued and allotted for the purposes of these financial statements since the issuance and allotment of equity shares would be effective from the Appointed date of 1st April, 2016.

The net assets of the transferor company have been taken over by the Company and recorded at their fair values as determined by the management as at 01.04.2016 i.e. the "Appointed Date".

Purchase consideration payable is Rs.3340.64 Lakhs, which is discharged by issue of 3093182 Equity Shares of Rs.10/- each of the Company at a premium of Rs.98/- per share.

The Goodwill arising out of the aforesaid Scheme is Rs. 1465.10 Lakhs. The Goodwill is to be tested for impairment.

## **Terms/Rights attached to Preference Shares:**

280000, 2.5% Redeemable Cumulative non - convertible Preference Shares of Rs.100/- each aggregating to Rs.280.00 Lakhs are redeemable in 16 Equal yearly instalment of Rs.17.50 Lakhs each commencing from 1st April 2012. However, the Company has not redeemed the preference shares as per the redemption schedule due to the Accumulated Losses of the Company. Therefore, the Company had approached and requested the Preference Share-holder for further extension of time for the redemption of the said Preference Shares. The Preference Share-holder has agreed for further extension of time for the redemption of the said Preference shares any time upto 31 st March, 2022.

The cumulative dividend on these Preference Shares aggregating to Rs. 64.81 Lakhs (Previous year Rs. 57.81 Lakhs) 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

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

| Particulars                       | As at 31-03-2017 |            |
|-----------------------------------|------------------|------------|
|                                   | Numbers          | Percentage |
| Shri Laxmikumar Narottam Goculdas | 8,862,093        | 35.53%     |



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note: II RESERVES & SURPLUS

As at 31-03-2017

Rs. In Lakhs

|   |                  |                        |
|---|------------------|------------------------|
| <b>Capital Reserve*</b>   |                  |                        |
| At the Beginning of the year  | 3,363.24         |                        |
| Less: Adjustment as per Scheme of Arrangement.  | <u>3,363.24</u>  |                        |
|   |                  | -                      |
| <b>Securities Premium Account*</b>  |                  |                        |
| At the Beginning of the year  | 98.81            |                        |
| Add :- Additions during the year  | 541.11           |                        |
| Add :- Additions during the year as per Scheme of Arrangement                                   | 3031.32          |                        |
| Less: Adjustment of accumulated loss of the Company as per the Scheme of Arrangement            | <u>(1956.34)</u> |                        |
|   |                  | 1,714.90               |
| <b>Other Reserve</b>  |                  | 66.59                  |
| <b>Foreign Currency Translation Reserves</b>  |                  |                        |
| At the Beginning of the year  | -                |                        |
| Add: Brought forward balance taken over of the subsidiary pursuant to the scheme of arrangement | 1.25             |                        |
| Less: Amount Debited During the year  | <u>(0.43)</u>    |                        |
|   |                  | 0.82                   |
| <b>Surplus/(Deficit)*</b>   |                  |                        |
| At the Beginning of the year  | (2,269.64)       |                        |
| Less: Adjustment of accumulated loss of the Company as per the Scheme of Arrangement            | <u>2,269.64</u>  |                        |
|   |                  | -                      |
| Add: Brought forward Profit of the subsidiary pursuant to the scheme of arrangement             | 9.73             |                        |
| Add: Profit during the current year transferred from statement of Profit & Loss Account.        | <u>1,735.85</u>  |                        |
| <b>Net Surplus/(Deficit)</b>  |                  | 1,745.58               |
| <b>Total</b>  |                  | <u><u>3,527.89</u></u> |

\*On the appointed date i.e. 1st April 2016, the accumulated losses and Deferred Tax assets have been adjusted fully against Capital Reserve and partly against Securities Premium Account.





# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note: III NON CURRENT LIABILITIES

As at 31-03-2017  
Rs. In Lakhs

|   |        |                 |
|---|--------|-----------------|
| <b>(a) Long Term Borrowings</b>                       |        |                 |
| <b>Secured</b>  |        |                 |
| (i) Working Capital Term Loan                         | 77.66  |                 |
| (ii) Car Loan from a bank                             | 21.94  |                 |
| (iii) Project Loan from bank                          | 14.15  |                 |
| (iv) Property Loan from bank                          | 58.06  |                 |
|   |        | 171.81          |
| <b>Unsecured</b>                                      |        |                 |
| (i) Inter Corporate Deposits                          | 134.00 |                 |
| (ii) Loans from a Promoters                           | 940.47 |                 |
| (iii) Interest Free Sales Tax Loan from MEDA **       | 134.18 |                 |
|   |        | 1,208.65        |
|   |        | 1,380.46        |
| <b>(b) Other Long Term Liabilities</b>                |        |                 |
| (i) Advance received against sale of Land at Navlakhi | 45.35  |                 |
| (ii) Security Deposits from distributors and others   | 35.46  |                 |
| (iii) Security Deposits received against Royalty      | 21.00  |                 |
|   |        | 101.81          |
| <b>(c) Long Term Provisions:</b>                      |        |                 |
| Provision for Employee Benefits                       |        | 148.98          |
| <b>Total</b>  |        | <b>1,631.25</b> |

### (a) (i) Working Capital Term Loan

Repayable in 60 EMI's commencing from 17-02-2014. Rate of interest is 12%. 38 EMI's have been paid in time, up to 31st March, 2017 and 22 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, 2017 of Rs. 173.68 Lakhs, amount due in next twelve months is Rs. 96.02 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'. (See Note No. IV(c)(i). The balance Term Loan of Rs.77.66 Lakhs is shown above as Working Capital Term Loan.

### (ii) Car Loan from a bank

Repayable in 60 EMI's commencing from 21-02-2015. Rate of interest is 10.50%. 26 EMI's have been paid in time, up to 31st March, 2017 and 34 are remaining to be paid as on that date.

Secured against hypothecation of vehicles.

Out of total outstanding term loan as on 31st March, 2017 of Rs 30.32 Lakhs, amount due in next twelve months is Rs. 8.38 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities' (See Note No. IV(c)(ii) . The balance Term Loan of Rs.21.94 Lakhs is shown above as New Car loan from a bank .

### (iii) Project Loan from bank

Repayable in 36 EMI's commencing from 27.07.2015. Rate of interest is 12%. 21 EMI's have been paid in time, up to 31st March, 2017 and 15 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.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Out of total outstanding term loan as on 31st March, 2017 of Rs.127.95 Lakhs, amount due in next twelve months is Rs.113.80 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No. IV(c)(iii) ). The balance Term Loan of Rs.14.15 Lakhs is shown above as Project Loan.

**(iv) Property Loan from bank**

Property loan RS. 158.82 Lakhs taken on 21.03.2016 from a Bank. Repayable in 36 EMI's commencing from 21.04.2016. Rate of interest is 12%. 12 EMIs have been paid in time, up to 31st March, 2017 and 24 are remaining to be paid as on that date.

Out of total outstanding property loan as on 31 st March 2017 of Rs. 111.34 Lakhs, amount due in next twelve months is Rs.53.28 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No.IV(c)(iv) The balance Term Loan of Rs.58.06 Lakhs is shown as Property Loan.as above.

**\*\* Interest free Sales Tax Loan from MEDA**

Interest free Sales Tax Loan from MEDA is repayable in 30 Equal installments starting from May 2010 and ending May, 2023.

Out of total outstanding interest free sales tax loan from MEDA as on 31st March 2017 of Rs. 204.79 Lakhs, amount due in next twelve months is Rs.70.61 Lakhs, which is shown as 'Current maturities of Long Term Debts' under 'Other Current Liabilities'(See Note No.IV(c)(v). The balance of Rs.134.18 Lacs is shown as unsecured (iii) interest free sales tax Loan from MEDA.

Interest free Sales Tax Loan from MEDA is repayable in 30 Equal installments starting from May 2010 and ending May, 2020.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note: IV CURRENT LIABILITIES

|  | As at 31-03-2017<br>Rs. In Lakhs |                        |
|--|----------------------------------|------------------------|
| <b>(a) Short Term Borrowings</b>   |                                  |                        |
| Secured  |                                  |                        |
| Cash Credit from Bank  | 817.31                           |                        |
| Unsecured  |                                  |                        |
| Inter Corporate Deposit  | <u>207.00</u>                    |                        |
|  |                                  | 1,024.31               |
| <b>(b) Trade Payable</b>   |                                  |                        |
| (i) Trade Payable (*)  | 2,538.57                         |                        |
| (ii) Bills Payable   | <u>1,034.00</u>                  |                        |
|  |                                  | 3,572.57               |
| <b>(c) Other Current Liabilities</b>   |                                  |                        |
| (i) Current maturities of Working Capital Term Loan (See Note (a)(i))                      | 96.02                            |                        |
| (ii) Current maturities of Long Term Debts (Car Loan) (See Note(a)(ii))                    | 8.38                             |                        |
| (iii) Current maturities of Long Term Debts (Project Loan) (See Note (a)(iii))             | 113.80                           |                        |
| (iv) Current maturities of Long Term Debts (Property Loan) (See Note (a)(iv))              | 53.28                            |                        |
| (v) Current maturities of Interest free Sales Tax Loan from MEDA                           | <u>70.61</u>                     |                        |
|  | 342.09                           |                        |
| (2) Unpaid Dividend (Amount Transferable to Investor Education & Protection Fund when due) | 2.14                             |                        |
| (3) Unpaid Matured Fixed Deposits (Unclaimed)  | 31.68                            |                        |
| (4) Unpaid Interest on Fixed Deposits  | 0.01                             |                        |
| <b>(5) Others Payable (**)</b>   | <u>1,807.84</u>                  |                        |
|  |                                  | 2,183.76               |
| <b>(d) Short Term Provisions</b>   |                                  |                        |
| Provision for Employee Benefits  |                                  | 188.83                 |
| <b>Total</b>   |                                  | <u><u>6,969.47</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.12.30 Lakhs of Sales Tax Loan.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

**Note: V NON CURRENT ASSETS**

|  | As at 31-03-2017<br>Rs. In Lakhs |                 |
|--|----------------------------------|-----------------|
| (a) Property, Plant and Equipments   |                                  |                 |
| (i) Tangible assets  |                                  |                 |
| Land - Freehold  | 331.63                           |                 |
| Land - Leasehold   | 1,791.94                         |                 |
| Buildings  | 1,680.89                         |                 |
| Plant & Equipment  | 2,891.22                         |                 |
| Furniture & Fixtures   | 33.20                            |                 |
| Vehicles   | 61.27                            |                 |
| Computer   | 22.87                            |                 |
| Office Equipments  | 29.72                            |                 |
|  | 6,842.74                         |                 |
| (ii) Intangible Assets   |                                  |                 |
| Software   | 34.65                            |                 |
| Goodwill   | 1,465.10                         |                 |
|  | 1,499.75                         |                 |
| (iii) Capital Work in Progress   |                                  | 299.83          |
| (b) Non Current Investments (At Cost)  |                                  |                 |
| Investment in Equity shares (Unquoted, Non Trade, Long Term)                           |                                  |                 |
| 3000 Fully Paid Equity Shares of Rs. 50/- each in Dombivali Nagari Sahakari Bank Ltd.  | 1.50                             |                 |
| 369250 Fully Paid Equity Shares of Rs. 10/- each in Janakalyan Sahakari Bank Ltd.      | 36.92                            |                 |
| 1000 Fully Paid Equity Shares of Rs. 10/- each in Saraswat Co-operative Bank Ltd.      | 0.10                             |                 |
| 25 Fully Paid Equity Shares of Rs. 25/- each in Shamrao Vitthal Co-operative Bank Ltd. | 0.01                             |                 |
| Investment in Equity shares (Unquoted, Trade, Long Term)                               |                                  |                 |
| 33000 Fully Paid Equity Shares of Rs. 10/- each in Indian Potash Ltd.                  | 0.55                             |                 |
|  | 39.08                            |                 |
| (c) Deferred Tax Assets (Net) *  |                                  | -               |
| (d) Long Term Loans and Advances   |                                  |                 |
| Security deposits  | 226.82                           |                 |
| Balances with Excise, Customs, public bodies etc.                                      | 9.81                             |                 |
|  | 236.63                           |                 |
| (e) Unsecured, Considered Doubtful   |                                  |                 |
| Security and Other deposits  | 28.00                            |                 |
| Less : Provision   | 28.00                            | -               |
|  | -                                |                 |
| <b>Total</b>   |                                  | <b>8,918.03</b> |

\* Pursuant to the Scheme of Arrangement between Borax Morarji Limited ( BML, The Transferor Company ) and The Dharamsi Morarji Chemical Company Limited ( DMCC , The Transferee Company ) Deferred Tax Asset has been fully written off as on April 01, 2016.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

| V-(a) Fixed assets - Tangible and Intangible |                  |  |                                      |            |                  |                  |   |                                      |            |              |                  |                  |                 |           |
|--|------------------|--|--------------------------------------|------------|------------------|------------------|---|--------------------------------------|------------|--------------|------------------|------------------|-----------------|-----------|
| Description                                  | GROSS BLOCK      |  |                                      |            |                  |                  | DEPRECIATION                                  |                                      |            |              |                  |                  | IMPAIRMENT LOSS | NET BLOCK |
|  | As on 01.04.2016 | Addition Pursuant to Scheme of arrangement | Exchange Difference on consolidation | Deductions | As on 31.03.2017 | As on 01.04.2016 | on addition Pursuant to Scheme of arrangement | Exchange Difference on consolidation | Deductions | For the Year | As on 31.03.2017 | As on 31.03.2017 |                 |           |
| <b>(i) Tangible Assets</b>                   |                  |  |                                      |            |                  |                  |   |                                      |            |              |                  |                  |                 |           |
| Free Hold Land                               | 52.57            | 279.06                                     | -                                    | -          | 331.63           | -                | -   | -                                    | -          | -            | -                | -                | 331.63          |           |
| Lease Hold Land                              | 12.49            | 1,848.42                                   | -                                    | -          | 1,860.91         | 4.94             | 43.14   | -                                    | 20.89      | 68.97        | -                | -                | 1,791.94        |           |
| Buildings                                    | 1,228.44         | 1,001.05                                   | 92.25                                | -          | 2,321.74         | 506.75           | 73.46   | -                                    | 60.64      | 640.85       | -                | -                | 1,680.89        |           |
| Plant & Equipments - Owned                   | 9,052.88         | 1,328.59                                   | 771.23                               | -          | 11,152.70        | 6,662.02         | 626.12  | -                                    | 244.06     | 7,532.20     | -                | 729.28           | 2,891.22        |           |
| Furniture & Fixtures                         | 93.96            | 27.78                                      | 6.79                                 | -          | 128.53           | 88.47            | 3.64  | -                                    | 3.22       | 95.33        | -                | -                | 33.20           |           |
| Vehicles                                     | 95.92            | 40.30                                      | 6.08                                 | 4.69       | 137.61           | 36.54            | 30.82   | 4.45                                 | 13.43      | 76.34        | -                | -                | 61.27           |           |
| Computer                                     | 65.60            | 11.55                                      | 15.65                                | 1.59       | 91.16            | 47.72            | 9.59  | 1.51                                 | 12.49      | 68.29        | -                | -                | 22.87           |           |
| Office Equipments                            | 116.25           | 6.98                                       | 17.19                                | -          | 140.42           | 100.47           | 5.03  | -                                    | 5.20       | 110.70       | -                | -                | 29.72           |           |
| <b>TOTAL TANGIBLE ASSETS (i)</b>             | 10,718.11        | 4,543.73                                   | 909.19                               | 6.28       | 16,164.70        | 7,446.91         | 791.80  | -                                    | 359.93     | 8,592.68     | -                | 729.28           | 6,842.74        |           |
| <b>(II) Intangible Asset (At cost)</b>       |                  |  |                                      |            |                  |                  |   |                                      |            |              |                  |                  |                 |           |
| Software                                     | 12.99            | 21.74                                      | 17.64                                | -          | 51.80            | 0.83             | 4.77  | (0.91)                               | 12.46      | 17.15        | -                | -                | 34.65           |           |
| Goodwill                                     |                  | 1,465.10                                   |                                      | -          | 1,465.10         | -                | -   | -                                    | -          | -            | -                | -                | 1,465.10        |           |
| <b>Total Intangible Assets (ii)</b>          | 12.99            | 1,486.84                                   | 17.64                                | -          | 1,516.90         | 0.83             | 4.77  | (0.91)                               | 12.46      | 17.15        | -                | -                | 1,499.75        |           |
| <b>TOTAL ((i) + (ii))</b>                    | 10,731.10        | 6,030.57                                   | 926.83                               | 6.28       | 17,681.60        | 7,447.74         | 796.57  | (0.91)                               | 372.39     | 8,609.83     | 5.96             | 729.28           | 8,342.49        |           |



# NOTES FORMING PART OF FINANCIAL STATEMENTS

**Note: VI Current Assets**

|  | <b>As at 31-03-2017</b> |                        |
|--|-------------------------|------------------------|
|  | <b>Rs. In Lakhs</b>     |                        |
| <b>(a) Inventories (For policy on valuation basis refer Note No. XII(2))</b> |                         |                        |
| Raw materials  | 448.15                  |                        |
| Material in process (Manufactured)   | 48.75                   |                        |
| Finished Goods - Own   | 647.31                  |                        |
| Finished Goods - Traded  | 95.20                   |                        |
| Stores and Spares  | 411.99                  |                        |
|  | <u>          </u>       | 1,651.40               |
| <b>(b) Current Investments</b>   |                         | 151.20                 |
| <b>(c) Trade Receivables</b>   |                         |                        |
| Unsecured, considered good   |                         |                        |
| Outstanding for a period of more than six months                             | 143.97                  |                        |
| Outstanding for a period of less than six months                             | 1994.07                 |                        |
|  | <u>          </u>       | 2,138.04               |
| <b>(d) Cash and Bank Balances</b>  |                         |                        |
| Balances with Banks in Current Accounts                                      | 363.54                  |                        |
| Cash on hand   | 1.80                    |                        |
| Fixed deposits with Banks kept as margin money for issuing Bank Guarantee.   | 151.93                  |                        |
| Fixed deposits in Bank   | 147.71                  |                        |
| Balance with Bank for Unpaid Dividend  | 2.14                    |                        |
|  | <u>          </u>       | 667.12                 |
| <b>(e) Other Current Assets</b>  |                         |                        |
| Prepaid Expenses   | 87.16                   |                        |
| Deposits with Excise, Sales Tax, Customs and other Government bodies         | 504.34                  |                        |
| Advance tax (Net of Provision for Taxation)                                  | 121.88                  |                        |
| Others *   | 663.43                  |                        |
|  | <u>          </u>       | 1,376.81               |
| <b>Total</b>   |                         | <u><u>5,954.57</u></u> |

\* Other Current Assets - Others clude Rs. 500.00 lakhs receivable in respect of sale of Land at Ambernath in earlier years by erstwhile Borax Morarji Ltd. The Company is pursuing the matter for obtaining the necessary approval from the Government of Maharashtra, on receipt of which the Conveyance deed will be executed and registered in due course.



# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note VI(a) Details of Inventories as on 31st March 2017

### Raw Materials

|                          | Rs. in Lakhs  |
|--------------------------|---------------|
| Sulphur                  | 84.75         |
| Special Denatured Spirit | 63.30         |
| Boron based materials    | 221.48        |
| Others                   | 78.62         |
| <b>Total</b>             | <u>448.15</u> |

### Finished Goods (Own)

|                                   |               |
|-----------------------------------|---------------|
| Commodity Chemicals               | 22.55         |
| Speciality Chemicals              | 336.80        |
| Boron based Chemicals             | 287.96        |
| Others                            | -             |
| Total Manufactured Finished Goods | <u>647.31</u> |



## NOTES FORMING PART OF FINANCIAL STATEMENTS

### Note VII: Revenue from Operations

for the year ended  
on 31.03.2017  
Rs.in Lakhs

|  |              |             |
|--|--------------|-------------|
| a) From sale of Products - Own - Chemicals |              |             |
| Commodity Chemicals                        |              | 8,991.61    |
| Speciality Chemicals                       |              | 9,193.24    |
| Other Chemicals                            |              | 381.31      |
| Traded sales                               |              | 212.91      |
| Royalty (Ship Brand)                       |              | 63.33       |
|  |              | <hr/>       |
|  |              | 18,842.40   |
| b) Other Operating Income                  |              | 142.97      |
|  |              | <hr/>       |
|  |              | 18,985.37   |
|  |              | <hr/> <hr/> |
|  | <b>TOTAL</b> |             |

### Note VIII: Other Income

for the year ended  
on 31.03.2017  
Rs. In Lakhs

|                             |              |             |
|-----------------------------|--------------|-------------|
| Interest Income             |              | 33.86       |
| Dividend Income             |              | 1.14        |
| Other non -operating income |              | 9.33        |
|                             |              | <hr/>       |
|                             |              | 44.33       |
|                             |              | <hr/> <hr/> |
|                             | <b>TOTAL</b> |             |

### Note IX: Cost of materials consumed

for the year ended  
on 31.03.2017  
Rs. In Lakhs

|   |              |             |
|---|--------------|-------------|
| Sulphur   |              | 2,932.57    |
| Special Denatured Spirit  |              | 1,031.61    |
| Boron Based Materials   |              | 3,826.50    |
| Others  |              | 2,218.57    |
| Purchases of stock in trade   |              | 100.87      |
| Cost of packing materials consumed  |              | 291.96      |
| Decrease/(Increase) in inventories of finished goods, work in progress and Traded goods |              | (51.57)     |
|   |              | <hr/>       |
|   |              | 10,350.51   |
|   |              | <hr/> <hr/> |
|   | <b>TOTAL</b> |             |





# NOTES FORMING PART OF FINANCIAL STATEMENTS

## Note X: Employee Benefits Expense

for the year ended  
on 31.03.2017  
Rs. In Lakhs

|   |                 |
|---|-----------------|
| Salaries and Wages (Net after Repairs)(*)                   | 1,058.34        |
| Contribution to Provident Fund                              | 34.18           |
| Contribution to Other Funds (Gratuity, Superannuation, etc) | 108.43          |
| Staff Welfare Expenses                                      | 83.87           |
| <b>TOTAL</b>  | <b>1,284.82</b> |
| (*) Salaries & Wages allocated to Repairs etc.              | 34.06           |

## Note XI: Other Expenses Rs. in Lakhs

for the year ended  
on 31.03.2017

|   |                 |
|---|-----------------|
| Power & Fuel  | 760.76          |
| Repairs to buildings  | 13.48           |
| Repairs to machinery  | 589.93          |
| Insurance   | 34.07           |
| Rates and taxes   | 18.53           |
| Internal handling, Freight and carriage outward                 | 402.79          |
| Net loss/(gain) on foreign currency transactions                | 23.82           |
| Auditors' Remuneration  |                 |
| Audit fees  | 9.01            |
| Tax audit fees  | 2.23            |
| For other services  | 4.52            |
| Reimbursement of out of pocket expenses                         | 0.66            |
| Sundry balances written off / (written back) (net)              | (4.29)          |
| Written Down Value Assets Scrapped/Loss on Sale of Fixed Assets | 0.15            |
| Miscellaneous expenses  | 2,476.25        |
| <b>TOTAL</b>  | <b>4,331.91</b> |
| (*) Consumption of Stores & Spares allocated to Repairs etc.    | 301.13          |



# CASHFLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2017

| Particulars  | For the year ended<br>on 31-03-2017<br>Rs. In Lakhs |
|--|---|
| Cash flow from Operating Activities                  |   |
| Net Profit/(Loss) before Tax                         | 2,180.87  |
| Adjustments for                                      |   |
| Add:   |   |
| Written Down Value of Assets Scrapped                | 0.15  |
| Depreciation   | 372.38  |
| Unrealised Forex adjustment loss                     | 14.37   |
| Interest charged                                     | 509.20  |
|  | 896.10  |
| Less:  |   |
| Dividend Income                                      | 1.14  |
| Interest income                                      | 33.86   |
|  | 35.00   |
| Operating Profit before working capital changes      | 3041.97   |
| Adjustment   |   |
| Add:   |   |
| Decrease/ (Increase) in Inventories                  | 534.74  |
| Decrease / (Increase) in Trade Receivables           | (440.94)  |
| Decrease / (Increase) in Other Current Assets        | 156.84  |
| Increase / (Decrease) in Trade Payable               | 46.14   |
| Increase / (Decrease) in Short Term Provisions       | (105.55)  |
| Increase / (Decrease) in Long Term Provisions        | (36.29)   |
| Increase / (Decrease) in Long Term Liabilities       |   |
| Increase / (Decrease) in Other Current Liabilities   | 283.98  |
|  | 438.92  |
| Add: Taxes Paid (MAT)                                | (640.19)  |
| Cash Generated / (used) in Operating Activities      | 2840.70   |
| Cash Flow from Investing Activities                  |   |
| Add:   |   |
| Sale of Fixed Assets                                 | 0.16  |
| Interest Received                                    | 33.86   |
| Dividend Received                                    | 1.14  |
|  | 35.16   |
| Less:  |   |
| Purchase of Fixed Assets                             | 912.91  |
| Increase / (Decrease) in Capital Work in Progress    | (201.89)  |
| Purchase of Investment                               | 150.00  |
|  | 861.02  |
| Cash Generated from / (used in) Investing Activities | (825.86)  |



# CASHFLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2017

|  | Rs. In Lakhs |                        |
|--|--------------|------------------------|
| Cash Flow from Financing Activities                            |              |                        |
| Add:   |              |                        |
| Receipt from issue of Equity Shares inclusive of share premium | 600.00       |                        |
| Receipt of Loan from Director                                  | 120.00       |                        |
| Increase in Short Term Borrowing                               | 3.79         |                        |
| Foreign Currency Translation Reserve                           | (0.75)       |                        |
| Receipt of Car Loan from Bank                                  | -            |                        |
| Receipt of Project Loan from Bank                              | -            |                        |
| Receipt of Property Loan from Bank                             | -            |                        |
|  | <hr/>        | 723.04                 |
| Less:  |              |                        |
| Repayment of Intercompany deposits                             | 313.00       |                        |
| Repayment of Fixed Deposits                                    | 48.04        |                        |
| Repayment of Loans to Director                                 | 825.00       |                        |
| Resumption of Preference Share Capital                         | 600.00       |                        |
| Interest paid  | 368.64       |                        |
| Repayment of Bank Car Loan                                     | 6.88         |                        |
| Repayment of Working Capital Loan                              | 96.53        |                        |
| Repayment of Project Loan to Bank                              | 87.72        |                        |
| Repayment of Property Loan from Bank                           | 53.51        |                        |
| CC Loan repaid   | 67.24        |                        |
| MEDA Loan repaid   | 78.48        |                        |
|  | <hr/>        | 2545.04                |
| Cash Generated from / (used in) Financing Activities           |              | <hr/> <u>(1822.00)</u> |
| Net Cash Increase / (Decrease) in Cash & Bank Balances         |              | 192.84                 |
| Add: Cash & Bank Balances at the beginning of the year         |              |                        |
| Cash and Cash Equivalents                                      | 136.47       |                        |
| Other Bank Balances (Restrictive use)                          | 337.81       |                        |
|  | <hr/>        | 474.28                 |
| Cash & Bank Balances at the end of the year                    |              |                        |
| Cash and Cash Equivalents                                      | 452.28       |                        |
| Other Bank Balances (Restrictive use)                          | 214.84       |                        |
|  | <hr/>        | 667.12                 |

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer



## **SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR APRIL 2016 TO MARCH 2017**

### **1 CORPORATE INFORMATION**

The Company is engaged in the business of Commodity Chemicals and Speciality Chemicals.

Borax Morarji Ltd. has been merged with The Company with effect from the appointed date i.e. 01.04.2016, as approved by the Mumbai bench of Honourable National Company Law Tribunal (NCLT) on 18.10.2017.

Upon the coming into effect of the Scheme of Amalgamation, the assets and liabilities of the transferee company have been recorded at their fair values as determined by Board of Directors of the Transferee Company and accordingly suitable effects have been given for the purpose of reflecting the fair value of the assets and liabilities of the transferor company taken over by the transferee company in accordance with the relevant Accounting policies and methods followed by the Company.

### **2 Basis of Accounting**

The Financial Statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India ( Indian GAAP) under the Historical Cost Convention on an accrual basis of accounting. The Company has prepared Financial Statements to comply in all material respects with the Accounting Standards specified under section 133 of the Companies Act 2013 read with rule 7 of Companies (Accounts) Rules 2014.

The Accounting Policies adopted in the preparation in Financial Statements are consistent with those of previous year.

#### **Use of Estimates and Judgements**

In preparation of the Financial Statements, in conformity with Indian GAAP, the management is required to make Judgements, Estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities on the date of the Financial Statements and the reported amount of revenues and expenses for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty of these assumptions and estimates could result in the outcomes different from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### **Fixed Assets**

##### **Tangible 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. Fixed Assets of erstwhile Borax Morarji Ltd. are stated at the fair value as determined by the management of the Company pursuant to the scheme of arrangement.

##### **Intangible Assets**

Goodwill is to be tested for impairment.

##### **Method of Depreciation**

"Depreciation on all Fixed Assets is provided on Straight Line method as per the useful life specified in schedule II to the Companies Act, 2013"

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 up to the date of commissioning.

##### **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.

### **Valuation of Inventories**

Inventories 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 cost. 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.

### **Revenue**

Revenue from Gross Sales include Processing Charges, Excise Duty, 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. For goods sent on consignment basis, revenue from sale is recognized upon its intimation by the consignment agents. Royalty income on account of usage of Company's Product Brand name is accounted for as per the agreed terms with the concerned manufacturers.

### **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**

#### **Contribution Plans:**

Contributions to the Company's Provident Fund, Family Pension Fund, Superannuation Fund are being charged to the Statement of Profit and Loss.

#### **Benefit Plans:**

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 the Statement of Profit & Loss. Gratuity Benefits (based on actuarial valuation) is charged to statement of Profit & Loss.

### **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 conversion is taken credit for or charged to the Statement of Profit and Loss.



### 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.

### 3 Principles of Consolidation:

- (a) The consolidated financial statements relate to Borax Morarji Ltd. ("The Company") and its wholly owned subsidiary, the details of which are as under:

Name of the Entity: **Borax Morarji (Europe) GMBH**

Financial year ended on: **31st December 2016**

Extent of holding: **100%**

Country of Incorporation: **Germany**

- (b) The unaudited financial statements as on 31st December, 2016 of the wholly owned subsidiary company have been compiled by a Chartered Accountancy Firm based in Germany. The subsidiary company being a small joint stock company under German Law, there is no obligation of audit based on the size criteria.

There are no significant transactions in the Subsidiary company during period 1st January 2017 to 31st March 2017. Therefore, no adjustments have been made in the consolidated financial statements.

- (c) The financial statements of the company and its subsidiary have been combined on a line-by-line basis by adding together the books values of like items of assets, liabilities, incomes and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses.

- (d) The Consolidated financial statements have been prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

- (e) Financial statements of the foreign subsidiary being non-integral foreign operation, have been converted in Indian Rupees at the following exchange rates:

i) Revenues and Expenses: At the average exchange rate prevailing during the period.

ii) All Assets and Liabilities are converted at the exchange rate prevailing at the end of the year.

Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.

iii) Other Significant Accounting Policies

There are set out in the notes to accounts under 'Significant Accounting Policies' as given in the Company's separate financial statements.

### 4 Contingent Liabilities and Commitments

**Rs. in Lakhs**  
**As at 31st March, 2017**

#### A Contingent Liabilities

|  |        |
|--|--------|
| (i) Outstanding claims in respect of Excise Duty, etc.   | 128.07 |
| (ii) Guarantees given by the Company's Bankers           | 42.80  |
| (iii) Others - Arrears of Cumulative Preference Dividend | 64.81  |
| (iv) Claims against Company not acknowledged as debts    | 55.76  |

The Company has reviewed all its pending litigations & proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable. The Company does not expect the outcome of these proceedings to have the materially adverse effect.



## B Commitments

**Rs. in Lakhs**  
**As at 31st March, 2017**

- (i) Estimated Amount of Contracts remaining to be executed on Capital Account & not provided for (Net of Advances) 51.70
- 5 In view of the “Unabsorbed Depreciation” & “Unabsorbed Business Losses” accruing from the past years, there is no taxable income during the year ended 31st March, 2017. In view of book profit in the current year in terms of Section 115JB of the Income Tax Act, 1961, provision has been made for Rs. 443.94 lakhs towards Minimum Alternate Tax(MAT) during the year ended 31.03.2017.
- 6 During the year, the manufacturing of Fertilizers at Khemli Factory of the Company remained closed for the entire year and hence the fertilizer segment will no longer be a primary business of the Company. There is only one reportable segment i.e chemicals business of the Company.

### 7 Other Additional information:

**Apr 16/Mar 17**  
**Value (Rs. in Lakhs)**

**(i) VALUE OF RAW MATERIALS AND BOUGHTOUTS, STORES, SPARES AND COMPONENTS CONSUMED**

Raw Materials and Boughtouts:

Imported

1724.45

(16.60%)

Indigenous

8663.77

(83.40%)

**Stores, Spares and Components:**

Imported

–

Indigenous

273.73

(100.00%)

**(ii) VALUE OF IMPORTS CALCULATED ON CIF BASIS:**

Raw Materials & Boughtouts

1224.47

(0)

**(iii) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:**

Foreign tours, Subscription, etc.

172.20

**(iv) EARNINGS IN FOREIGN CURRENCY IN RESPECT OF:**

Export of goods calculated on FOB basis

4599.68

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

**Apr 16/Mar 17**

Numerator - Profit / (Loss) after tax & after deducting Preference dividend & tax thereon (Rs. Lakhs)

1,727.42

Denominator - weighted average number of equity shares

24,536,556

Basic, as well as diluted, earnings per equity share (in Rupees)

7.04



**9 Segment Reporting:**

**a) Primary Business Segment:**

The Company is engaged in manufacture of Chemicals. As the Company is engaged only in one business segment.

**b) Secondary Geographical Segment**

**Rs. In Lakhs**

|                   |                 |
|-------------------|-----------------|
| Sales Turnover:   | <u>2016-17</u>  |
| i) In India       | 14142.11        |
| ii) Outside India | 4700.29         |
| Total             | <u>18842.40</u> |

**10 Related Parties Disclosures:**

**(A) Name of the Related Parties**

- (i) Shri L.N.Goculdas Promoter and Chairman (holding more than 20% of the voting power)
- (ii) The Natural Gas Co.Pvt.Ltd.
- (iii) L.P.Gas Transport & Bottling Co. Pvt.Ltd.
- (iv) Phoenix Distributors Pvt.Ltd.
- (v) Jasraj Trading Co.
- (vi) Kosan Industries Pvt.Ltd.
- (vii) Bombay Foods Pvt.Ltd.

**(B) Key Management Personnel**

Nature of Relationship

- (i) Shri B.L.Goculdas Chief Executive Officer
- (ii) Shri D.T.Gokhale Executive Vice President & Company Secretary
- (iii) Shri D.K. Sundaram Chief Finance Officer

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

**Rs.in Lakhs**

Sitting Fees for attending Board and Committee meetings 2.30

**(D) Transactions with Related Parties**

- |   | <b>Rs. in Lakhs</b> |
|---|---------------------|
| (i) Purchase of Goods/Services Received by the Company<br>L.P.Gas Transport & Bottling Co. Pvt.Ltd. | 119.86              |
| (ii) Sale of Goods/Services Rendered by the Company<br>Borax Morarji (Europe) GMBH                  | 266.96              |
| (vi) Closing balance of L.P. Gas & Bott. P. Ltd.included in Current Liability of the Company        | 54.61               |
| (vii) Closing balance included in Unsecured Loan of the Company                                     | 134.00              |

**(E) Transactions relating to Key Management Personnel**

**Rs.in Lakhs**

- |  |        |
|--|--------|
| (i) Remuneration   | 86.40  |
| (ii) Rent / HRA paid for residential accommodation / other benefits          | 19.06  |
| (iii) Unsecured Loan taken by the Company and outstanding as at the year end | 940.47 |

Related party relationships are as identified by the Company and relied upon by the Auditors.  
Figures in brackets pertain to Previous Year





## 11 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 31.03.2017, the required data is as follows:

### (i) Continuing Employees:

#### I Expense recognised in the statement of Profit & Loss Account for period ended 31st March 2017.

|  | Rs. in Lakhs |                  |
|--|--------------|------------------|
|  | GRATUITY     | LEAVE ENCASHMENT |
| 1. Current Service Cost                | 15.21        | 17.85            |
| 2. Interest Cost                       | 11.79        | 3.84             |
| 3. Past Service Cost (vested benefits) | –            | –                |
| 3. Expected Return on plan assets      | –            | –                |
| 4. Actuarial (Gain) / Losses           | 32.70        | (9.82)           |
| 5. Total Expenses                      | 59.70        | 11.87            |

#### II Net Assets/(Liability) recognised in the Balance Sheet as at 31/03/2017

|  |          |         |
|--|----------|---------|
| 1. Present value of Defined Benefit Obligation as at 31st March 2017 | 200.54   | 55.49   |
| 2. Fair Value of plan assets as at 31st March 2017                   | 17.55    | –       |
| 3. Funded Status [(Surplus)/(Defecit)]                               | (182.99) | (55.49) |
| 4. Net asset / (Liability) as at 31st March 2017                     | (182.99) | (55.49) |

#### III Change in Obligation during the period ended 31st March 2017

|   |         |         |
|---|---------|---------|
| 1. Present value of Defined Benefit Obligation at the beginning of the year | 175.25  | 53.24   |
| 2. Current Service Cost   | 15.21   | 17.85   |
| 3. Interest Cost  | 11.79   | 3.84    |
| 4. Settlement Cost  | (0.13)  | –       |
| 5. Past Service Cost - (Vested Benefits)                                    | –       | –       |
| 6. Employee Contribution  | 4.68    | –       |
| 5. Actuarial (Gain) / Losses  | 32.75   | (15.00) |
| 6. Benefits Payments  | (47.88) | (4.43)  |
| 7. Present value of Defined Benefit Obligation at the end of the year       | 191.67  | 55.50   |

#### IV Change in Assets During the period ended 31st March 2017

|   |         |        |
|---|---------|--------|
| 1. Plan assets at the beginning of the year | 12.95   | –      |
| 2. Settlements                              | (0.13)  | –      |
| 3. Expected return on plan assets           | 1.33    | –      |
| 4. Contributions by employers               | 52.56   | 4.43   |
| 5. Actual benefits paid                     | (47.88) | (2.98) |
| 6. Actuarial {Gain / (Losses)}              | (1.28)  | –      |
| 7. Plan assets at the end of the year       | 0.05    | –      |
| 8. Actual return on plan assets             | –       | –      |

#### V Actuarial Assumptions:

|   |          |          |
|---|----------|----------|
| 1. Discount Rate                          | ,7.20%   | ,7.20%   |
| 2. Expected rate of return on plan assets | 0%       | 0%       |
| 3. Salary Escalation rate                 | 1%       | 1%       |
| 3. Mortality Rate                         | IALM2008 | IALM2008 |

(ii) For Ex-employees **90.74** **8.59**

**12 Statement showing unhedged foreign currency exposure:**

|                    | Currency | Year Ended 31st March 2017 |              |
|--------------------|----------|----------------------------|--------------|
|                    |          | Amount in FC               | Rs. in Lakhs |
| <b>Liabilities</b> |          |                            |              |
| Trade Payable      | USD      | 5.61                       | 364.37       |
| <b>Assets:</b>     |          |                            |              |
| Trade Receivable   | EURO     | 0.83                       | 56.69        |
|                    | USD      | 7.81                       | 502.89       |

**13 Disclosure on Specified Bank Notes:**

During the year, the Company had specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification , G.S.R. 308('E), dated 31st March 2017. The details of SBNs held and transacted during the period from 8th November 2016 to 30th December 2016, the denominations-wise SBNs and other notes as per the notification are as follows:

| Particulars  | SBNs*        | Other Denomination notes | Total             |
|--|--------------|--------------------------|-------------------|
| Closing Cash in Hand as on 8th November 2016         | 1,330,000.00 | 69,770.61                | 1,399,770.61      |
| Add: Permitted Receipts / Cash withdrawn from Bank   |              | 1,570,840.00             | 1,570,840.00      |
| Less: Permitted Payments                             |              | 1,277,090.90             | 1,277,090.90      |
| Less: Amount Deposited in Banks                      | 1,330,000.00 | –                        | 1,330,000.00      |
| <b>Closing Cash in Hand as on 30th December 2016</b> | <b>–</b>     | <b>363,519.71</b>        | <b>363,519.71</b> |

\*For the purpose of this clause , the term “Specified Bank Notes” shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407('E), dated 8th November 2016.

As per our report of even date attached

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

**RAJESH S. JOSHI**  
Partner  
Membership No. 38526  
Mumbai, 10th November, 2017

For and on Behalf of the Board of Directors

**L. N. GOCULDAS**  
Chairman

**B. L. GOCULDAS**  
Chief Executive Officer

Mumbai, 10th November, 2017

**H. T. KAPADIA**  
Director

**D. T. GOKHALE**  
Secretary

**D. K. SUNDARAM**  
Chief Finance Officer

# THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

(Regd. Office : Prospect Chambers, 317/321, Dr. Dadabhoy Naoroji Road, Fort, Mumbai - 400 001)

CIN : L24110MH1919PLC000564 Website :www.dmcc.com

e-mail : dgokhale@dmcc.com Phone No.: 022-22048881-2-3 Fax No.: 022-22813657

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Folio No. / Client ID No.: \_\_\_\_\_ DP ID No.: \_\_\_\_\_

I/We, being the member(s) holding \_\_\_\_\_ Equity Shares of The Dharamsi Morarji Chemical Company Ltd., hereby appoint:

1. Name: \_\_\_\_\_ E-mailID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

2. Name: \_\_\_\_\_ E-mailID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

3. Name: \_\_\_\_\_ E-mailID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 96<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, 26th December, 2017 at 11.00 am at Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No.           | Resolution   |
|--------------------------|--|
| <b>Ordinary business</b> |  |
| 1                        | Adoption of the audited financial statements of the Company (post merger) for the Financial Year ended 31st March, 2017, together with the Reports of the Board of Directors and the Auditors thereon. |
| 2                        | To appoint a Director in place of Ms Mitika Laxmikumar Goculdas (holding DIN 02879174), who retires by rotation, and being eligible, offers herself for re-appointment.                                |
| 3                        | To appoint Statutory Auditors and fix their remuneration   |
| <b>Special business</b>  |  |
| 4                        | Ordinary Resolution : Ratification of Cost Auditor's Remuneration  |

Signed this ..... day of ..... 2017.

Signature of the proxy holder(s)

Signature of the member

Affix  
Revenue  
Stamp

### Notes:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2) A Proxy need not be a member of the Company.
- 3) A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- 4) This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitle to vote in the manner as he/she thinks appropriate.
- 5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- 6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all joint holder should be stated.



# THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

(Regd. Office : Prospect Chambers, 317/321, Dr. Dadabhoy Naoroji Road, Fort, Mumbai - 400 001)

CIN : L24110MH1919PLC000564 Website :www.dmcc.com

e-mail : dgokhale@dmcc.com Phone No.: 022-22048881-2-3 Fax No.: 022-22813657

## ATTENDANCE SLIP

(To be presented at the entrance)

### 96<sup>TH</sup> ANNUAL GENERAL MEETING ON TUESDAY, 26TH DECEMBER 2017 AT 11.00 AM

at Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), IMC Marg,  
Churchgate, Mumbai 400 020,

DP ID\*: \_\_\_\_\_

Folio No: \_\_\_\_\_

Client ID\*: \_\_\_\_\_

No. of Shares: \_\_\_\_\_

Name and address of Shareholder:

I hereby record my presence of the 96th ANNUAL GENERAL MEETING of the company held on Tuesday, 26th December, 2017 at 11.00 a.m. at Indian Merchants' Chamber, Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020.

\*Applicable to Shareholders holding shares in electronic form

Note: Please fill the attendance slip and hand it over at the entrance of the Meeting Hall.

\_\_\_\_\_  
Signature of Shareholder/Proxy

# Route Map



**Land Mark:** The AGM Venue viz. Walchand Hirachand Hall, is just opposite to the Churchgate Railway Station, Fort, Mumbai.



COURIER / REGISTERED POST/ SPEED POST

*If not delivered, please return to:*

THE DHARAMSI MORARJI CHEMICAL CO. LTD.

Prospect Chambers,

317/321, Dr. Dadabhoy Naoroji Road,

Fort, Mumbai 400 001.

CIN : L24110MH1919PLC000564

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