



**THE DHARAMSI MORARJI  
CHEMICAL COMPANY LTD.**

*88th  
Annual Report  
2007 - 2009*



## CONTENTS

Notice to Members.....	2
Directors' Report .....	6
Annexure I to the Directors' Report .....	9
Report on Corporate Governance .....	11
Auditors' Certificate on Corporate Governance .....	17
Auditors' Report .....	18
Annexure to Auditors' Report .....	19
Balance Sheet .....	22
Profit and Loss Account .....	23
Schedules to Balance Sheet .....	24
Schedules to Profit and Loss Account .....	28
Notes to the Accounts .....	29
Cash Flow Statement .....	40
Balance Sheet Abstract and Company's General Business Profile .....	41
Statement relating to Subsidiary Company .....	41
Accounts of DMCC Oil Terminals (Naviakhi) Ltd. (a Subsidiary Company) .....	42
The Last Ten Years - DMCC Ltd. ....	50

## Directors

R. M. Goculdas	Chairman
Laxmikumar Narottam Goculdas	Vice Chairman
U. D. Morarji (Smt.)	Director (upto 8.12.08)
H. T. Kapadia	
C. B. Nalawala	
R. Kannan	Nominee of ICICI Bank Ltd. (upto 22.1.08)
Kumar Bakhru	Nominee of General Insurance Corporation of India
Dilip Pratapsingh Goculdas	Managing Director (upto 31.03.09) Chief Executive Officer (from 01.04.09)
Bimal Lalitsingh Goculdas	Managing Director (upto 31.03.09) Chief Executive Officer (from 01.04.09)
D. N. Vaze	Executive Director (Finance) (upto 31.03.09) Chief Finance Officer (from 01.04.09)

## Company Secretary

D.T.Gokhale

## Auditors

K.S.Aiyar & Co.  
Chartered Accountants

## Legal Advisers

Bhaishanker Kanga & Girdharlal

## Bankers

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

## Registered Office

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

## Factories

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

## Registrars and Transfer Agents

**Link Intime India Pvt. Ltd.,**  
{Formerly known as Intime Spectrum Registry  
Limited till 6th January, 2009}  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W), Mumbai - 400 078.  
Tel. : 9522-25963838 Fax : 25946969  
Email : rnt.helpdesk@linkintime.co.in

## NOTICE TO MEMBERS

The Eighty Eighth Annual General Meeting of the Members of THE DHARAMSI MORARJI CHEMICAL COMPANY LIMITED will be held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Wednesday, the 9th day of September 2009 at 11.30 a.m. to transact the following business :

1. To receive and adopt the Directors' Report and Audited Statements of Account for the extended financial year ended 31st March, 2009.
2. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Messrs. K.S. Aiyar & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold Office from the conclusion of the 88th Annual General Meeting until the conclusion of the 89th Annual General Meeting on a remuneration to be fixed by the Board of Directors and that any travel and out-of-pocket expenses incurred in the conduct of the audit of the factories be reimbursed to them by the Company."
3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT Shri M. T. Ankleshwaria, who was appointed as an additional Director of the Company under Section 260 of the Companies Act, 1956 and Article 126 of the Articles of Association of the Company by the Board of Directors w.e.f. 31<sup>st</sup> July, 2009 and who holds office upto the date of this Annual General Meeting and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a shareholder signifying his intention to propose him as a candidate for the office of Directors, be and is hereby appointed as Director of the Company, whose term of office shall be liable to determination by retirement by rotation."
4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :  
"RESOLVED THAT subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors hereby appoint Shri Dilip Pratapsingh Goculdas as Chief Executive Officer (Agri Business) and "Manager" of the Company within the meaning of the Companies Act, 1956, for a period of three years from 1st April, 2009, on the following remuneration :  
Salary: Rs.55,000/- per month and which may be revised to such other sum not exceeding Rs. 65,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.

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

### Perquisites:

In addition to the above, the Chief Executive Officer shall be entitled to the following perquisites, monetary value of which shall be restricted to the ceiling laid down by the Central Government.

### CATEGORY "A"

- (i) (a) House rent allowance of Rs. 24000/- per month.  
(b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
- (iii) A personal accident insurance policy for his own benefit at the cost of the Company, the premium of which shall not exceed Rs.4,000/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

### CATEGORY "B"

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

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

### CATEGORY "C"

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Chief Executive Officer.
- (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Chief Executive Officer.

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

The Chief Executive Officer shall further be entitled to :

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

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

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

The above salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956.

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



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

"RESOLVED THAT subject to the provisions of Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors hereby appoint Shri Bimal Lalitsingh Goculdas as Chief Executive Officer ( Chemical Business) and "Manager" of the Company within the meaning of the Companies Act, 1956, for a period of three years from 1st April, 2009, on the following remuneration  
Salary : Rs.55,000/- per month and which may be revised to such other sum not exceeding Rs. 65,000/- per month, as may be fixed from time to time by the Board of Directors of the Company.

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

**Perquisites:**

In addition to the above, the Chief Executive Officer shall be entitled to the following perquisites, monetary value of which shall be restricted to the ceiling laid down by the Central Government.

**CATEGORY "A"**

- (i) (a) House rent allowance of Rs. 24,000/- per month.  
(b) Expenditure on electricity, water, gas and furnishings at the residence to be borne by the Company.
- (ii) Medical benefits for self and family : Reimbursement of medical expenses actually incurred and reimbursement of premium paid on Mediclaim Policy, the total cost of which to the Company shall not exceed one month's salary in a year or three months' salary in a block of three years.
- (iii) A personal accident insurance policy for his own benefit at the cost of the Company, the premium of which shall not exceed Rs.4,000/- per annum.
- (iv) Leave Travel Concession : Actual fares, rail or air, for self and family once a year to and from any place in India.
- (v) Fees of clubs, subject to a maximum of two clubs, provided that no life membership fee or admission fee is paid.

**CATEGORY "B"**

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

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

**CATEGORY "C"**

- (i) A car with driver for use for the business of the Company and for his personal use. For personal use of the car, the Company will bill the Chief Executive Officer.
- (ii) Telephone at residence : All charges including rental and call charges for the telephone at the residence being paid by the Company in full. For personal long distance calls, the Company will bill the Chief Executive Officer.

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

The Chief Executive Officer shall further be entitled to :

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

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

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

The above salary, perquisites and commission will be subject to the provisions of Sections 198, 309 and 349 of the Companies Act, 1956."

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

**NOTES :**

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business as set out above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Members / Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
4. The Register of Members will be closed from Wednesday, the 2nd September, 2009 to Wednesday, 9th September, 2009 (both days inclusive).
5. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed equity dividend for the financial year(s) upto 1999-2000 has been transferred to "Investor Education & Protection Fund" established by the Central Government. Those shareholders, who have so far not claimed or collected their dividend for any financial year upto 1999-2000, may claim the same from the Registrar of Companies, Maharashtra, Mumbai, by submitting an application in the prescribed form.

All members who have either not received or have not encashed dividends for the financial year 2000-2001 are requested to write to the Company's Share Department at the Company's Registered Office for issuance of duplicate Dividend Warrant(s), mentioning the relevant Folio Nos.

## **EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)**

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

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

The following statement as required by Section 173 of the Companies Act, 1956, and Article 89(2) of the Articles of Association of the Company sets out all material facts concerning item Nos. 3, 4 and 5 mentioned in the Notice dated 31<sup>st</sup> July, 2009.

#### **Item No.3**

The Board of Directors of the Company at its meeting held on 31<sup>st</sup> July, 2009, has appointed Shri M. T. Ankleshwaria as an Additional Director on the Board of directors of the Company. Shri M. T. Ankleshwaria has indepth knowledge in Finance and Accounting and has been in practice as a Chartered Accountant, for over three decades. He is also the Head of Department of Accountancy at N.M. College of Commerce & Economics, Vile Parle (W), Mumbai 56.

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

The Directors recommend the Resolution for adoption by the Members.

None of Directors of the Company, except Shri M.T. Ankleshwaria, is in any way concerned or interested in the said appointment.

#### **Item No.4**

Shri Dilip Pratapsingh Goculdas was appointed as Managing Director of the Company for a period of two years with effect from 1st April, 2007. The Board of Directors has appointed him subject to the approval of the shareholders at the ensuing Annual General Meeting, as Chief Executive Officer (Agri Business) and "Manager" of the Company under the Companies Act, 1956, for a period of three years with effect from 1st April, 2009, on terms and conditions mentioned in the Resolution at item No. 4.

As Chief Executive Officer (Agri Business) and "Manager" of the Company under the Companies Act, 1956, he will be in-charge of and responsible for all the operations of Ambernath and Khemli Works of the Company and Purchase activities of the Company. In addition, he will be responsible for the Fertiliser business of the Company and shall perform such other functions and duties as the Board of Directors shall specify, from time to time, on the terms and conditions mentioned in the Resolution at item no. 4.

The remuneration and terms and conditions of appointment of Shri Dilip Pratapsingh Goculdas as Chief Executive Officer (Agri Business) of the Company are as given in the Notice and Explanatory Statement.

The Directors recommend the Resolution for adoption by the Members.

None of the Directors of the Company, except Shri Dilip Pratapsingh Goculdas, is in any way concerned or interested in the said appointment.

#### **Item No. 5**

Shri Bimal Lalitsingh Goculdas was appointed as Managing Director of the Company for a period of two years with effect from 1st April, 2007. The Board of Directors has appointed him, subject to the approval of the shareholders at the ensuing Annual General Meeting, as Chief Executive Officer (Chemical Business) and "Manager" of the Company under the Companies Act, 1956, for a period of three years with effect from 1st April, 2009, on terms and conditions mentioned in the Resolution at item No. 5.

As Chief Executive Officer ( Chemical Business) and "Manager" of the Company under the companies Act, 1956, he will be in-charge of and responsible for all the Chemical business of the Company, R&D, Engineering and Finance, In addition, he will be incharge of and responsible for the operations of the Company's Roha and Jhar works as also perform such other functions and duties as the Board of Directors shall specify, from time to time, on the terms and conditions mentioned in the Resolution at item no. 5.

The remuneration and terms and conditions of appointment of Shri Bimal Lalitsingh Goculdas as Chief Executive Officer (Chemical Business) of the Company are as given in the Notice and Explanatory Statement.

The Directors recommend the Resolution for adoption by the Members.

None of Directors of the Company, except Shri Bimal Lalitsingh Goculdas, is in any way concerned or interested in the said appointment.

By Order of the Board.

**D.T.GOKHALE**  
Secretary

#### **Registered Office:**

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

Mumbai 31st July, 2009.



**Details of the Director seeking appointment/re-appointment at the forthcoming Annual General Meeting :**

<b>Name of Director</b>	<b>Shri M.T. Ankleshwaria</b>
<b>Date of Birth</b>	23-8-1949
<b>Date of Appointment</b>	31-7-2009
<b>Qualifications/Expertise in specific functional areas</b>	B.Com. (Hons), F.C.A. – Practising Chartered Accountant for over three decades. Head of the Department of "Accountancy" at N.M. College of Commerce and Economics, Vile Parle (W), Mumbai 56
<b>List of Public Companies in which outside Directorship held as on 31st March, 2009</b>	Nil
<b>Chairman/Member of the Board Committee of the other Public Companies on which he is a Director as on 31st March, 2009</b>	None
<b>Shareholding</b>	100 Equity Shares

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

The Directors are pleased to present their Eighty Eighth Annual Report together with the accounts of the Company for the extended financial year ended 31<sup>st</sup> March, 2009 (eighteen months).

### FINANCIAL RESULTS

	Financial Year ended 31st March, 2009 (18 Months) Rs. in lacs	Financial Year ended 30 <sup>th</sup> September, 2007 (18 Months) Rs. in lacs
Gross Turnover	17677.35	28125.53
Gross Profit / (Loss)	(2054.27)	(2486.15)
Less : Depreciation & Lenders' sacrifice Amortisation	1158.99	1260.13
Profit/(Loss) before exceptional Item & Taxation	(3213.26)	(3746.28)
Add: Exceptional Item		
Waiver of dues by Banks/Financial Institution by One Time Settlement	Nil	139.31
Profit/(Loss) after exceptional Item but before Taxation	(3213.26)	(3606.97)
Add: Deferred Tax Asset	505.98	2148.17
Profit/(Loss) after exceptional Item and after considering Deferred Tax Asset	(2707.28)	(1458.80)
Less: Provision for Taxation/Fringe Benefit Tax	18.04	25.05
Profit/(Loss) after Taxation	(2725.32)	(1483.85)
Add: Balance brought forward	(2966.50)	(1482.65)
Balance carried forward	(5691.82)	(2966.50)
The following is the gross turnover by group of products:		
Single Superphosphate	1690.68	8487.21
Commodity Chemicals	10243.66	11054.28
Speciality Chemicals	4135.62	7974.10
Others	1607.39	609.94
	17677.35	28125.53

The Company has extended the current financial year by six months upto 31st March, 2009 in accordance with the approval received by the Company from the Registrar of Companies, Maharashtra State, Mumbai. Accordingly, financial statements for the current financial year have been prepared for a period of eighteen months commencing from 1st October, 2007 and ending on 31st March, 2009.

In view of the loss during the year under review, your Directors have not recommended any Dividend on Cumulative Preference Shares and Equity Shares of the Company, for the extended financial year ended 31st March, 2009.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

#### (a) Overview of operations

(i) The Company's fertiliser business continued to get adversely affected due to :

- a. Discriminatory Government policies towards Single Superphosphate (SSP) fertiliser as compared to competing fertilisers like Di-Ammonium Phosphate (DAP).
- b. Strained liquidity and shortage of Working Capital.

This has forced your Company to reduce volumes of the fertiliser business, during the year under review. Consequently the turnover in respect of fertilizers during the current financial year ended 31<sup>st</sup> March, 2009 was Rs.17 Crores only as compared to the turnover of Rs.85 Crores during the previous Financial Year ended 30<sup>th</sup> September, 2007.

(ii) The turnover of Commodity Chemicals during the current financial year ended 31st March, 2009 was also lower at Rs. 102 crores as compared to the turnover of Rs. 111 crores, during the previous financial year ended 30th September, 2007. The turnover of Speciality Chemicals during the current financial year was also lower i.e.Rs. 41 crores, as compared to the turnover of Rs. 80 crores during the previous financial year ended 30<sup>th</sup> September, 2007. The turnover of Chemicals during the current financial year was lower due to Strained Liquidity and shortage of Working Capital.

#### (b) Prospects of the Industries :

##### Fertilisers

The Central Government's fertilizer policy with respect of fixation of Maximum Retail Price and Subsidy continues to be biased towards competing fertilisers like Di-Ammonium Phosphate (DAP) and consequently Single Superphosphate (SSP) Fertiliser business has remained neglected. Consequently the Prospects in the SSP Fertiliser Industry will depend upon suitable modifications in the Central Government's Fertiliser Policy.

##### Chemicals

Your Company is a supplier of intermediates to a wide range of industries. The Company's Chemical business continues to be adversely affected



by severe working capital constraints experienced by the Company, resulting in reduced capacity utilization. With the proposed induction of a "Strategic Investor" [subject to acceptance of One Time Settlement by the Banks and Financial Institutions], the working capital constraints are expected to be alleviated to a large extent, paving the way for growth.

#### **Cautionary Statement**

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

#### **PROPOSAL FOR ONE TIME SETTLEMENT (O.T.S.) OF DUES TO SECURED LENDERS**

The Company had submitted a proposal to its Secured Lenders to settle their dues by way of One Time Settlement (O.T.S.) As the shareholders are aware, the proposal was accepted by one of the Secured Lenders and their dues have been settled accordingly. The Company's proposal is under consideration of the remaining Secured Lenders.

#### **ADEQUACY OF INTERNAL CONTROLS**

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

#### **HUMAN RESOURCE DEVELOPMENT**

As an ongoing exercise of the restructuring and re-organisation, the Company has undertaken periodic comprehensive reviews of its HR policies and amended the same suitably from time to time.

#### **RESEARCH & DEVELOPMENT**

In spite of heavy odds, your Company has continued its Research and Development initiatives and endeavours, keeping in view the long term perspective for growth.

#### **SUBSIDIARY**

The audited statements of accounts of DMCC Oil Terminals (Navlakhi) Limited (DOTL), a subsidiary of the Company, for the extended financial year ended 30th September, 2007, together with the reports of its Directors and Auditors are attached to the accounts of the Company, as required under Section 212 of the Companies Act, 1956.

#### **DIRECTORS**

During the year under review, Shri R. Kannan, Nominee Director of ICICI Bank Ltd, resigned from the Board of Directors, effective 22nd January 2008, consequent upon the withdrawal of his nomination by ICICI Bank Ltd. Mrs. U. D. Morarji also resigned from the Board of Directors, effective 8th December 2008. The Board of Directors place on record their appreciation for the valuable guidance and advice given by both of them to the Company during their long association with the Company as also the contributions made by both of them during the deliberations at the Board meetings.

Shri C.B. Nalawala, a Director, is retiring by rotation at the conclusion of the ensuing Annual General Meeting of the Company, scheduled to be held on 9th September, 2009. Although eligible, he does not offer himself for re-appointment. Shri. C. B. Nalawala was on the Board of the Company since March, 2002. The Board of Directors place on record their appreciation for the valuable guidance and advice given by him to the Company, during his long association with the Company as also the contribution made by him during the deliberations at the Board meetings and the Audit Committee meetings during his tenure as a director and Chairman of the Audit Committee, respectively.

The Board of Directors of the Company, at its meeting held on 31st July 2009, has appointed Shri M.T. Ankleshwaria as an additional Director on the Board of Directors of the Company. Shri M.T. Ankleshwaria has indepth knowledge in Finance and Accounting and has been in practice as a Chartered Accountant, for over three decades. Mr. Ankleshwaria is also the Head of Department of Accountancy at N.M.College of Commerce & Economics, Vile Parle (W), Mumbai 56. As per provisions of Section 260 of the Companies Act, 1956, and Article 126 of the Articles of Association of the Company. Shri M.T. Ankleshwaria will hold office of Director upto the date of ensuing Annual General Meeting. Appointment of Shri M.T. Ankleshwaria as a Director liable to retire by rotation is proposed at Sr.No.3 of the Notice of the ensuing Annual General meeting. Your Directors recommend the appointment of Shri M.T. Ankleshwaria, as a Director of your Company.

Shri Dilip Pratapsingh Goculdas was appointed as Managing Director (Agri Business) of the Company for a period of two years with effect from 1st April, 2007. Subject to the approval of the shareholders at the ensuing Annual General meeting, he has now been appointed as Chief Executive Officer (Agri Business) and "Manager" under the Companies Act, 1956, for a period of three years with effect from 1st April, 2009.

Shri Bimal Lalitsingh Goculdas was appointed as Managing Director (Chemical Business) of the Company for a period of two years with effect from 1st April, 2007. Subject to the approval of the shareholders at the ensuing Annual General meeting, he has now been appointed as Chief Executive Officer (Chemical Business) and "Manager" under the Companies Act, 1956, for a period of three years with effect from 1st April, 2009.

Shri Dilipkumar Nilkanth Vaze was appointed as Executive Director (Finance) of the Company for a period of three years with effect from 1st April, 2006. He has now been appointed as Chief Finance Officer of the Company, with effect from 1st April, 2009.

#### **AUDITORS' OBSERVATIONS**

1. As regards the Auditors' observation regarding the non-compliance of the certain conditions of the revised Corporate Debt Restructuring (CDR) package, the Management is in the process of complying with the same, in due course of time.



## EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

2. As regards the Auditors observation regarding non-provision of interest of Rs. 785.82 lacs, the Company has not recognized this interest amount since the banks concerned have not debited the same to the respective accounts of the Company.
3. As regards the Auditors' observation regarding recognition of "Deferred Tax Asset" amounting to Rs.2654.15 lacs, the Company, based on the proposed association with a "Strategic Investor", is confident that this proposed association will result in significant additional turnover and profits.
4. As regards the Auditors' observation regarding preparing the Annual Accounts on a "Going Concern Basis", notwithstanding the negative net worth of the Company as on 31<sup>st</sup> March, 2009, the Management's views are as under:

Though the net worth of the Company as on 31<sup>st</sup> March, 2009 is negative, the Company has prepared Financial Statements for the year ended 31<sup>st</sup> March, 2009 (eighteen months), on a "Going Concern Basis", since the Company is confident that its profitability will improve in future, in view of the following :

- a. a new activity of trading (in various fertilisers & other agri inputs) which the Company will commence in association with a " Strategic investor" after completing OTS of dues to Banks and
- b. Continuing efforts by the Company for improving efficiency, restructuring/rationalisation of operations and optimisation of costs.

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

As per Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange are given in the prescribed format as an Annexure-I to this report.

### PARTICULARS OF EMPLOYEES

During the extended financial year ended 31<sup>st</sup> March, 2009 there was no employee within the purview of Sec.217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### PUBLIC DEPOSITS

Out of deposits which matured during extended financial year ended 31<sup>st</sup> March, 2009, 173 deposits aggregating to Rs. 22,06,000/- remained unclaimed as on 31<sup>st</sup> March 2009, of which 1 deposit amounting to Rs.15,000 has since been claimed and repaid.

### AUDITORS

M/s. K S Aiyar & Co., Chartered Accountants, the existing Auditors have, under Section 224 (1-B) of the Companies Act, 1956, furnished a Certificate of their eligibility for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### CORPORATE GOVERNANCE

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

### ACKNOWLEDGMENTS

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

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

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

For and on behalf of the Board

**R. M. GOCULDAS**  
Chairman

### Registered Office :

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

Date : 31st July, 2009.



**ANNEXURE I TO THE DIRECTORS' REPORT**  
(Under Section 217(1) (e) of the Companies Act, 1956)

**DISCLOSURES**

**A. CONSERVATION OF ENERGY  
POWER AND FUEL CONSUMPTION**

**FORM A**

		<b>October, 2007 to March, 2009 (18 months)</b>	<b>April, 2006 to September, 2007 (18 months)</b>
<b>1. Electricity Purchased</b>			
Unit (Lac KWH)		125.10	230.86
Total Amount (Rs. lacs)		588.38	1,150.81
Rate/Unit (Rs./KWH)		4.70	4.98
<b>2. Furnace Oil</b>			
Quantity (K.Litre)		625.24	1,789.05
Total amount (Rs Lacs)		153.29	352.48
Average Rate (Rs/KL)		24520	19702
<b>CONSUMPTION PER TONNE OF MAJOR PRODUCTS</b>			
<b>Electricity (Unit-KWH)</b>			
1. Single Superphosphate		25	26
2. Sulphuric Acid 100%		59	59

**FORM B**

**B. TECHNOLOGY ABSORPTION**

**RESEARCH AND DEVELOPMENT (R&D)**

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

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

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

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

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

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

**3. Future plan of action :**

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

**4. Expenditure on R&D:**

	<b>October, 2007 to March, 2009 (18 months)</b>	<b>April, 2006 to September, 2007 (18 months)</b>
(i) Capital	0.00	0.54
(ii) Recurring	51.53	100.45
(iii) Total	<b>51.53</b>	<b>100.99</b>
(iv) Total R&D expenditure as a percentage of gross turnover	<b>0.29%</b>	<b>0.36%</b>

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

Technology upgradation and innovation are matters of a continuous process in the Company.

**2. Benefits :**

Increased capacity, cost reduction, improvement in quality and flexibility to meet market demands .

**3. Technology imported during the last five years.**

No technology was imported during the last five years.

**EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)****C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars of foreign exchange earned/utilised are as under:

	October, 2007 to March, 2009 (18 months)	April, 2006 to September, 2007 (18 months)
Rs. in lacs		
<b>EARNINGS IN FOREIGN EXCHANGE :</b>		
Export of goods calculated on FOB basis	2163.51	3630.47
Turnkey project sales	1147.77	0
<b>Total Foreign Exchange earned</b>	<b>3311.28</b>	<b>3630.47</b>
<b>OUTGO IN FOREIGN EXCHANGE:</b>		
(1) VALUE OF IMPORTS CALCULATED ON CIF BASIS :		
Raw Materials and boughtouts	3004.82	6574.29
(2) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF FOREIGN TOURS, SUBSCRIPTION, ETC.	103.11	170.43
<b>Total Foreign Exchange outgo</b>	<b>3107.93</b>	<b>6744.72</b>

For and on behalf of the Board

**R. M. GOCULDAS**  
Chairman**Registered Office:**Prospect Chambers,  
317/21, Dr. Dadabhoy Naoroji Rd,  
Fort, Mumbai - 400 001.

Date: 31st July, 2009.



# REPORT ON CORPORATE GOVERNANCE FOR THE EXTENDED FINANCIAL YEAR ENDED 31ST MARCH, 2009.

## 1. Company's philosophy on Code of Governance

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

## 2. Board of Directors

### Composition & Size of the Board

Your Board comprises of an optimal complement of independent professionals as well as company executives having in-depth knowledge of the business and the industry. The size and composition of the Board conforms with the requirements of the Corporate Governance code under the Listing Agreement with the Stock Exchange, Mumbai. The Board is headed by the Non-Executive Chairman, Shri R.M.Goculdas. It comprises of 8 Directors (10 Directors till 22.01.08, 9 Directors till 08.12.08 & 8 Directors till 31.3.09), of whom 3 are Executive Directors (Shri Dilip Pratapsingh Goculdas, Shri Bimal Lalitsingh Goculdas and Shri. Dilipkumar N. Vaze) and 5 are Non-Executive Directors. Thus about two-third strength of the Board consists of Non-Executive Directors and of these more than half are Independent 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. None of the Directors has materially significant pecuniary or business relationship with the Company.

The information as required under Annexure 1A to Clause 49 is being made available to the Board.

### Number of Board Meetings held during the year alongwith the dates of the Meetings.

Seven Board Meetings were held during the extended financial year ended 31st March, 2009. The dates on which the said meetings were held are as follows :

31st December, 2007; 30th January, 2008; 12th March, 2008; 30th April, 2008; 31st July, 2008; 27th October, 2008 and 30th January, 2009.

Attendance of each Director at the Board Meetings held during the extended financial year ended 31st March, 2009 & last Annual General Meeting and No. of other Directorships / Memberships of the Committee :

Sr. No.	Name of Directors	Category of Directorship (Designation as on 31.03.2009)	No. of Board Meetings attended/ out of 7 Meetings held	Attendance at last AGM	No. of other directorship as on 31.03.2009 @	No. of Board Committees of other companies in which Chairman, as on 31.03.2009	No. of Board Committees of other companies in which Member, as on 31.03.09
1	Shri R.M.Goculdas	Chairman, Non-Executive, Promoter Group	6	Yes	2	2	3
2	Shri Laxmikumar Narottam Goculdas	Vice Chairman, Non-Executive, Promoter Group	5	Yes	2	Nil	Nil
3	Smt.U.D.Morarji @@	Non-Executive, Promoter Group	4	Yes	Nil	Nil	Nil
4	Shri H.T.Kapadia	Non-Executive, Independent	7	Yes	2	Nil	1
5	Shri C.B. Nalawala	Non-Executive, Independent	6	Yes	Nil	Nil	Nil
6	Shri Kumar Bakhru	Nominee of GIC Non-Executive, Independent	2	No	Nil	Nil	Nil
7	Shri.R. Kannan @@@	Nominee of ICICI Bank Ltd. Non-Executive, Independent	Nil	No	Nil	Nil	Nil
8	Shri Dilip Pratapsingh Goculdas	Managing Director, Executive Promoter Group	7	Yes	2	Nil	Nil
9	Shri Bimal Lalitsingh Goculdas	Managing Director, Executive, Promoter Group	5	Yes	1	Nil	Nil
10	Shri D.N. Vaze	Executive Director (Finance), Executive	7	Yes	Nil	Nil	Nil

@ Excludes Foreign Companies, Private Companies and Alternate Directorships.

@@ Smt. U.D. Morarji was a Director till 8th December, 2008.

@@@ Shri R. Kannan, Nominee Director of ICICI Bank Limited was a Director till 22nd January, 2008.

**3. Audit Committee**

**Composition, Terms and Reference**

The Audit Committee comprises of three Non-Executive Directors of which two are Independent Directors viz. Shri C.B. Nalawala as the Chairman & Shri H. T. Kapadia as member. Shri Laxmikumar N. Goculdas is also a member of the Audit Committee. Shri D.T. Gokhale, Company Secretary is the Secretary to the Committee.

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

Meetings and the attendance during the extended financial year ended 31st March, 2009.

Six meetings of the Audit Committee were held during the extended financial year ended 31st March, 2009 as given below. The attendance of each Committee member at the Audit Committee Meetings is given below:

<b>Dates on which Audit Committee Meetings were held</b>	<b>Shri C.B. Nalawala</b>	<b>Shri Laxmikumar Narrotam Goculdas</b>	<b>Shri H.T. Kapadia</b>
31.12.2007	Yes	Yes	Yes
30.01.2008	Yes	Yes	Yes
30.04.2008	Yes	Yes	Yes
31.07.2008	Yes	No	Yes
27.10.2008	Yes	No	Yes
30.01.2009	Yes	Yes	Yes

All the meetings were attended by the Executive Director (Finance), Company Secretary, Internal Auditor and Statutory Auditors.

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

**4. Remuneration Committee**

Composition, Terms and Reference

As per the provisions of Schedule XIII to the Companies Act, 1956, the 'Remuneration Committee' consists of three Non-Executive Independent Directors viz. Shri. H.T. Kapadia as Chairman with Shri. C.B. Nalawala and Shri. Kumar Bakhru as Members. Shri D.T. Gokhale, Company Secretary is the Secretary to the Committee.

Meeting and the attendance during the extended financial year ended 31st March, 2009

A meeting of the Remuneration Committee was held during the extended financial year ended 31st March, 2009 on 30th January, 2009, to approve the remuneration paid to the Executive Directors in accordance with the schedule XIII to the Companies Act 1956, in view of the loss during the extended financial year ended 31st March, 2009. This meeting was attended by two members of the Remuneration Committee, viz Shri H. T. Kapadia and Shri C. B. Nalawala.

**5. Remuneration to Directors**

Details of remuneration paid to non executive directors during the extended financial year ended 31st March, 2009 are as below :

(Amount in Rs.)

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>Relationship with other Directors</b>	<b>Sitting fees for Board &amp; Committee Meetings</b>	<b>Total Remuneration</b>	<b>No. of equity shares held as on 31.03.09</b>
1	Shri R.M. Goculdas - Chairman	None	30000	30000	35,72,969
2	Shri Laxmikumar Narottam Goculdas - Vice Chairman	None	45000	45000	44,69,081
3	Smt. U.D. Morarji	None	20000	20000	Nil
4	Shri H. T. Kapadia	None	70000	70000	11448
5	Shri C.B. Nalawala	None	65000	65000	100
6	Shri. R. Kannan Nominee of ICICI Bank Ltd.	None	Nil	Nil	NIL
7	Shri Kumar Bakhru Nominee of GIC of India	None	10000	10000	NIL
<b>TOTAL</b>			<b>240000</b>	<b>240000</b>	



Details of remuneration paid/payable to Executive Directors during the extended financial year ended 31st March, 2009 are as below : (excludes Contributions to Gratuity Fund & Leave Encashment on retirement, since same is provided on actuarial basis for the Company as a whole)

(Amount in Rs.)

Sr. No.	Name & Designation of Directors	Salary	Contributions to PF & Superannuation Fund	Perquisites	Total
1	Shri Dilip Pratapsingh Goculdas Managing Director (Agri Business)	990000	128700	529403	1648103
2	Shri Bimal Lalitsingh Goculdas Managing Director (Chemical Business)	990000	128700	601362	1720062
3	Shri D. N. Vaze- Executive Director (Finance)	1260000	163800	533451	1957251
	<b>TOTAL</b>	<b>3240000</b>	<b>421200</b>	<b>1664216</b>	<b>5325416</b>

**Details of Terms of Contracts of Executive Directors :**

The term of contract of Shri Dilip Pratapsingh Goculdas, Managing Director (Agri Business), Shri Bimal Lalitsingh Goculdas, Managing Director (Chemical Business), are from 01-04-2007 to 31-03-2009. The term of contract of Shri. Dilipkumar N. Vaze, Executive Director (Finance) is from 01-04-2006 to 31-03-2009. The notice period for termination is six months in all cases. No severance fees or stock option are available to them.

**Remuneration Policy**

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

**6. Shareholder/Investor Grievance Committee**

**Details of the Directors and Compliance Officer**

The Shareholder/Investor Grievance Committee comprises of Shri R. M. Goculdas, (Non-Executive Chairman) as Chairman of the Committee with Shri Dilip Pratapsingh Goculdas, Managing Director, (Agri Business) and Shri. Bimal Lalitsingh Goculdas, Managing Director (Chemical Business), as other members. The Committee is vested with the requisite powers and authorities, which in addition to the Share Transfer related matters, specifically looks into the redressing of shareholders' and investors' complaints like delayed transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc. Shri D.T.Gokhale, Company Secretary has been appointed as the Compliance Officer.

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

During the extended financial year 2007-2009, no complaints were received from the shareholders. No transfers were pending at the close of the financial year. No complaint was received from SEBI during the year.

**7. General Meetings and Postal Ballots**

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

During the year 2007-2009 & 2006-2007 no Resolutions were put through Postal Ballot.

- a) 87th Annual General Meeting was held on 12.03.2008 at 11.30 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - Two Special Resolutions were passed for :
  - (i) To offer, issue and allot Equity Shares worth Rs. 80,00,000/- (Rupees Eighty Lacs Only) inclusive of premium, having nominal value of Rs. 10/- each, at such a premium amount as calculated according to the applicable SEBI Guidelines, within the authorised share capital of the Company, as fully paid Equity Shares to ICICI Bank Ltd., by conversion of loan, in terms of One Time Settlement (O.T.S.) with that Bank.
  - (ii) To offer, issue and allot 2.5% Cumulative Non Convertible Redeemable Preference Shares (CPS) Series A, at par, amounting to Rs. 2,80,00,000/- (Rupees Two Crores and Eighty Lacs Only) (Preference Shares redeemable in 16 equal quarterly installments, commencing from 1st April, 2012) within the authorised share capital of the Company, as fully paid preference shares to ICICI Bank Ltd., by conversion of loan, in terms of One Time Settlement (O.T.S.) with that Bank.
- b) 86th Annual General Meeting was held on 14.09.2006 at 11.30 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - Special Resolution was passed for change of place of keeping Registers & Returns u/s 163 of the Companies Act, 1956.

During the year 2005-2006, two Resolutions were put through Postal Ballot, the particulars of which are as given below:

- i. Ordinary Resolution under Section 293(1)(a) read with Section 192A of the Companies Act, 1956, for sale, lease or otherwise disposal of the whole or substantially the whole of the undertaking situated at Kumhari, in the State of Chhattisgarh.

Date of result declaration : 1st December, 2005.

## EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

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

Number of valid Postal Ballot forms received	82
Number of invalid Postal Ballot forms received	5
Votes in favour of the Resolution	11,391,131
Votes against the Resolution	123
Votes as per invalid Postal Ballot forms	456,240
Percentage of votes cast in favour of the Resolution	96.15%

- ii. Special Resolution under Section 81 (1A) read with Section 192A of the Companies Act, 1956, for allotment upto 8,09,836 equity shares (face value of Rs. 10/- each) to financial institutions and banks, as a part of the revised Corporate Debt Restructuring (CDR) Package, approved by the CDR Cell.

Date of result declaration : 23rd March, 2006.

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

Number of valid Postal Ballot forms received	55
Number of invalid Postal Ballot forms received	6
Votes in favour of the Resolution	11,287,344
Votes against the Resolution	Nil
Votes as per invalid Postal Ballot forms	10,232
Percentage of votes cast in favour of the Resolution	99.91%

The Company had appointed Mr. A.D.Gupte, practicing Company Secretary, as the scrutinizer for conducting both the Postal Ballots in a fair and transparent manner. Accordingly the Postal Ballot were conducted by him and his Reports were submitted to the Chairman who arranged to publish the same in the newspaper, as required.

- c) 85th Annual General Meeting was held on 29.09.2005 at 11.45 a.m. at Indian Merchants' Chambers, Walchand Hirachand Conference Hall, Churchgate, Mumbai 400 020 - No Special Resolution was passed at the meeting.

### 8. Disclosures

#### a) Code of Conduct

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

- b) At every Board Meeting the Register of Contracts maintained Under Section 301 of the Companies Act, 1956 is tabled and signed by the directors.

- c) Transactions with the related parties are disclosed in Note No. 21 of the Notes to the Accounts in the Annual Report. None of the related parties transactions are in conflict with the interests of the Company at large.

- 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.

### 9. CEO/CFO Certification

The Chief Executive Officers and the Chief Finance Officer have furnished a certificate to the Board of Directors of the Company with respect to accuracy of financial statements for the extended financial year ended 31st March, 2009 and adequacy of internal controls as required under Clause 49 of the Listing Agreement.

### 10. 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.

### 11. General Shareholder Information

#### 88th Annual General Meeting

Date : Wednesday, 9th September, 2009

Time : 11:30 a.m.

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



**Financial Calendar for the year 2009-2010 (Provisional) :**

- |  |                          |
|--|--------------------------|
| a. Results for the first quarter ending 30th June, 2009.       | By end of July, 2009     |
| b. Results for the second quarter ending 30th September, 2009. | By end of October, 2009. |
| c. Results for the third quarter ending 31st December, 2009.   | By end of January, 2010  |
| d. Results for the year ending 31st March, 2010 (Audited).     | By end of June, 2010     |
| e. Annual General Meeting for the year ending March, 2010.     | In September, 2010       |

Dates of Book Closure : 2nd September, 2009 to 9th September, 2009 (both days inclusive).

Stock Exchange : The Equity Shares of Company are listed on the Stock Exchange, Mumbai, and the listing fee for the year 2009-2010 has been paid to the Stock Exchange.

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

Demat ISIN : INE505A01010

Equity Dividend Payment Date : Not Applicable

**Stock Price Data & Performance in comparison to BSE Indices**

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

Month	*Shares Price		BSE Indices	
	High (Rs.)	Low (Rs.)	High	Low
October, 2007	29.44	15.65	20238.16	17144.58
November, 2007	26.70	18.70	20204.21	18182.83
December, 2007	24.70	20.35	20498.11	18886.40
January, 2008	28.50	15.40	21206.77	15332.42
February, 2008	19.45	15.00	18895.34	16457.74
March, 2008	16.85	9.90	17227.56	14677.24
April, 2008	18.53	11.01	17480.74	15297.96
May, 2008	20.35	15.75	17735.70	16196.02
June, 2008	18.40	13.65	16632.72	13405.54
July, 2008	14.00	11.30	15130.09	12514.02
August, 2008	15.34	12.15	15579.78	14002.43
September, 2008	13.38	8.06	15107.01	12153.55
October, 2008	10.44	5.53	13203.86	7697.39
November, 2008	8.60	5.00	10945.41	8316.39
December, 2008	7.00	4.41	10188.54	8467.43
January, 2009	7.75	5.11	10469.72	8631.60
February, 2009	6.19	4.00	9724.87	8619.22
March, 2009	4.78	3.56	10127.09	8047.17

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

**Registrar & Transfer Agents**

Link Intime India Pvt Ltd  
 {Formerly known as Intime Spectrum Registry Limited till 6th January, 2009}  
 C-13, Pannalal Silk Mills Compound,  
 L. B. S. Marg, Bhandup - (W),  
 Mumbai- 400 078.  
 Tel : 9522 - 2596 3838  
 Fax : 2594 6969  
 Email:rnt.helpdesk@linkintime.co.in

**Share Transfer System**

Share Transfers are registered and duly transferred share certificates are despatched within 30 days of receipt, if the transfer documents are otherwise in order. The total number of shares transferred in the Non-dematerialised segment during the extended financial year ended 31st March, 2009 was 30476.

In terms of the Notification No.SMDRP/POLICY/ CIR/23/2000 dated 29th May, 2000, issued by Securities and Exchange Board of India, the Equity Shares of your Company are under compulsory demat trading by all investors, with effect from 28th August, 2000.



# EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

## Shareholding Pattern and Distribution of Shares :

Shareholding Pattern as on 31st March, 2009:

Category	No.of shares held	% of Shareholding
Promoters	11011824	51.80
Mutual Funds and UTI	4304	00.02
Banks, Financial Institutions, Insurance Cos.	2077372	09.77
Private Corporate Bodies and Trusts	1239453	05.83
Indian Public	6633976	31.21
NRIs/OCBs	204071	00.96
Clearing Members (in the depository)	86821	00.41
<b>TOTAL</b>	<b>21257821</b>	<b>100.00</b>

**Note:** The total Foreign Shareholding as on 31st March, 2009 was 46,73,152 shares, which in percentage terms was 21.98 % of the issued and subscribed capital, out of which 44,69,081 shares aggregating 21.02 % of the capital represent Promoters' Holding and hence are included in Promoters' category.

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

- |                         |        |
|-------------------------|--------|
| (i) Shri. H.T. Kapadia  | 11,448 |
| (ii) Shri. C.B.Nalawala | 100    |

Distribution of Shareholding as on 31st March, 2009

No.of shares held	No.of Follos	% age	Shares	% age
Upto 500	13457	87.1398	1486925	6.9947
501 to 1000	972	6.2941	798826	3.7578
1001 to 2000	469	3.0370	739332	3.4779
2001 to 3000	167	1.0814	426738	2.0074
3001 to 4000	80	0.5180	289246	1.3607
4001 to 5000	82	0.5310	384703	1.8097
5001 to 10000	94	0.6087	700477	3.2951
10001 to 30000	74	0.4792	1277372	6.0090
30001 to 50000	13	0.0842	514599	2.4208
50001 to 100000	13	0.0842	904368	4.2543
100001 and above	22	0.1424	13735235	64.6126
<b>TOTAL</b>	<b>15443</b>	<b>100.0000</b>	<b>21257821</b>	<b>100.0000</b>

### Dematerialisation of Shares and liquidity

As on 31st March, 2009, out of 2,12,57,821 Equity Shares of the Company 1,92,62,120 Equity Shares representing 90.61 % Equity shares, have been dematerialised by 6763 shareholders. The total number of shareholders of the Company is 15,443.

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

The address for correspondence :

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

### Plant Locations :

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

Mumbai : 31<sup>st</sup> July, 2009



# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

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

We have examined the compliance of conditions of Corporate Governance by **The Dharamsi Morarji Chemical Co. Ltd.**, for the eighteen months period ended March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

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

For **K.S.AIYAR & CO.**  
Chartered Accountants

**RAGHUVIR M. AIYAR**  
Partner  
Membership No. 38128

Mumbai : 31<sup>st</sup> July, 2009

## AUDITORS' REPORT

The Members of  
The Dharamsi Morarji Chemical Company Limited

Report on the Accounts for the eighteen months period ended March 31, 2009, in compliance with section 227(2) of the Companies Act, 1956.

- 1) We have audited the attached Balance Sheet of The Dharamsi Morarji Chemical Company Limited, as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the eighteen months period ("the period") ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central government of India in terms of sub-section (4-A) of section 227 of the Companies act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (v) On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) As detailed in Note No.15(a), the Company has considered the reduction in interest rates with effect from April.01, 2005 on borrowings from lenders as stipulated in the Revised Corporate Debt Restructuring (CDR) Scheme. The Company is in the process of complying with the conditions stipulated by the lenders, which are essential for implementing the Revised CDR Scheme. Had the Company continued to provide the interest cost as per rates of interest mentioned in earlier CDR Scheme, the interest cost and loss for the period ended March 31, 2009 would have been higher by Rs.20.69 lacs. This results in an aggregate negative impact, on the financial position of the Company as on March 31, 2009 of Rs.350.93 lacs.
  - (vii) *No provision has been made towards interest of Rs.785.82 lacs due to banks, since the banks concerned have not debited the same to the respective accounts of the Company till date (Refer note 15(d)). Had the Company provided for the same, interest cost and loss for the period and accumulated losses as at year end would have been higher by Rs.785.82 Lacs.*
  - (viii) *During the period, the Company has recognized estimated net deferred tax asset amounting to Rs.505.98 lacs and credited the same to the Profit and Loss Account. (Refer note 16(b)). Consequently, the accumulated net deferred tax asset as at year end aggregates to Rs.2654.15 lacs. We are not in a position to opine on the net deferred tax asset recognized till date as regards its ultimate realization since the virtual certainty of the available sufficient future taxable income, as required by Accounting Standard 22 i.e. 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, could not be substantiated.*
  - (ix) Attention is invited to Note No.24, regarding preparation of accounts on a 'Going Concern' basis despite continued losses and erosion of total net worth of the Company, in view of the management's perceptions and reasons detailed therein.
  - (x) *Had the impact of matters stated at (vii) and (viii) been considered, then the Loss for the year would have been higher by Rs.1291.80 Lacs and the accumulated losses as at the year end would have been higher by Rs.3439.97 Lacs.*
  - (xi) *Subject to Clause Nos. (vii) & (viii) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - (b) in the case of the Profit and Loss Account, of the Loss for the period ended on that date; and
    - (c) in the case of the Cash Flow statement, of the cash flow for the period ended on that date.

*For K. S. Aiyar & Co.*  
Chartered Accountants

**Raghuvir M. Aiyar**  
Partner  
Membership No. 38128



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date on the Accounts for the eighteen months period ended March 31, 2009, of The Dharamsi Morarji Chemical Company Limited)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. *However, in the case of some assets individual records with quantitative details and values are to be segregated, updated and reconciled.*
- (b) A substantial portion of the fixed assets have been physically verified by the management during the period and in our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the period were not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the Company.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) and (d) are not applicable.
- (b) The Company has taken interest free loan amounting to Rs. 329.43 lacs from a director of the Company and inter-corporate deposits of Rs.896.80 Lacs from four parties listed in the register in the Register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion and according to the information and explanations given to us, the terms and conditions of the unsecured loans taken were prima facie not prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us the repayment of the principal amounts are as stipulated.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. *However, there is scope to strengthen the internal controls at operational level through proper implementation.* During the course of our audit no major weakness has been noticed in the internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts of arrangements referred to in Section 301 of Companies Act, 1956 have so been entered in register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, these contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) *In our opinion and according to the information and explanations given to us, the Company has not complied with certain provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public including non-filing of returns of fixed deposits etc. As informed to us, no order has been passed by the Company Law Board or National Law Tribunal or Reserve Bank of India or any other Court or any other Tribunal in contravention of the aforesaid provisions and/or rules by the Company.*
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business, *however, the scope and coverage of the same needs to be increased.*
- (viii) We have broadly reviewed the books of account maintained by the Company which have been made pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956, in respect of Sulphuric Acid, Single Super Phosphate (Fertilizer) and Ethyl (Absolute) Alcohol and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the Company, the Company is not regular in depositing with appropriate authorities undisputed statutory dues including Customs Duty and Wealth Tax, Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Excise Duty, Service Tax, Cess and other statutory dues applicable to it. Based on our audit procedures and according to the information and explanations given to us, the following undisputed statutory dues were outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.

**EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)**

<b>Nature of Dues</b>	<b>Period to which the amount relates</b>	<b>Due Dates</b>	<b>Amount (Rs.in Lacs)</b>
Service Tax/ Interest thereon	2006-07	Various	44.87
	2007-08	Various	24.94
	2008-09	Various	3.09
		<b>Total</b>	<b>72.90</b>
Profession Tax	2006-07	Various	11.18
	2007-08	Various	10.99
	2008-09	Various	5.60
		<b>Total</b>	<b>27.77</b>
Provident Fund, EDLI, Administrative charges. (Employers Contribution & Contractors employees)	2008-09	Various	8.20
Tax Deducted at source – Professional fees	2008-09	Various	9.10
Tax Deducted at source – Salaries	2008-09	Various	4.36
Tax Deducted at source – Contractors	2008-09	Various	6.60
Tax Deducted at source – Interest	2008-09	Various	7.01
Tax Deducted at source – Brokerage	2008-09	Various	1.79
Tax Deducted at source – Rent	2008-09	Various	0.23
		<b>Total</b>	<b>29.09</b>
Tax Collected at Source on Scrap Sales	2008-09	Various	0.21
IEPF – Unclaimed Dividend	Cannot be ascertained	Cannot be ascertained	10.63
IEPF – Unclaimed Interest on FD/Debentures	Cannot be ascertained	Cannot be ascertained	5.29
IEPF – Unclaimed Fixed deposits	Cannot be ascertained	Cannot be ascertained	21.11

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

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Forum where dispute is Pending</b>	<b>Period to which relates</b>	<b>Amount (Rs.in lacs)</b>
Central Excise Act	Duty/Interest/Penalty	CESTAT	June 1999 to August 1999	2.29
	Duty/Interest/Penalty	CESTAT	Sept 1999 to Dec 1999	1.81
	Duty/Interest/Penalty	CESTAT	Jan 2000 to June 2000	3.04
	Duty/Interest/Penalty	CESTAT	July 2000 to May 2001	2.68
	Duty/Interest/Penalty	CESTAT	August 2003 to May 2004	0.56
	Cess on EOU Supply	Assistant Commissioner	July 1996 to May 1999	0.80
	Cess on EOU Supply	Assistant Commissioner	March 2007	0.35
	Alleged undervaluation of SA		--	9.76
			<b>Total</b>	<b>21.29</b>
Sales Tax Act	Tax/Interest/Penalty	Appellate Tribunal	1992-93	6.91
			1993-94	4.20
			<b>Total</b>	<b>11.11</b>

(x) The accumulated losses of the Company are more than fifty percent of the Net Worth of the Company as at the end of the financial period, and it has incurred cash loss during the period and in the immediately preceding previous period.



- (xi) In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to banks as detailed below:

Name of Bank	Principal Amount default	Period of default	Interest Amount	Period of default
IDBI Limited	Rs.476 Lacs	Quarterly installment from 01-07-2007 to 31-03-2009	Rs.347.56 Lacs	Monthly from 01-05-2007 to 31-03-2009.
State Bank of India	Rs.88.05 Lacs	Quarterly installment from 01-01-2008 to 31-03-2009	Rs.57.97 Lacs	Monthly from 31-10-2007 to 31-03-2009.
Dena Bank	Rs.51.24 Lacs	Quarterly installment from 01-07-2008 to 31-03-2009	Rs.35.36 Lacs	Monthly from 30-04-2008 to 31-03-2009.
SBI Commercial and International Bank Limited.	Rs.14.82 Lacs	Quarterly installment from 01-01-2008 to 31-03-2009	Rs.10.29 Lacs	Monthly from 31-07-2007 to 31-03-2009.

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The term loans outstanding in the books of the Company as on March 31, 2009 have been taken and utilized in earlier accounting periods, including working capital term loans, which have been converted from working capital fund based limits.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds amounting to Rs.9519.63 lacs raised on short-term basis have been used for long-term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) The Company has not issued any debentures during the period.
- (xx) The Company has not raised money by public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K. S. Aiyar & Co.**  
Chartered Accountants

**Raghuvir M. Aiyar**  
Partner  
Membership No. 38128

Mumbai, 30th June, 2009

# BALANCE SHEET

AS AT 31ST MARCH, 2009.

RS. IN LACS

SCHEDULES AS AT 31ST MARCH, 2009 AS AT 30TH SEPTEMBER, 2007

		AS AT 31ST MARCH, 2009	AS AT 30TH SEPTEMBER, 2007
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	A	3005.78	2684.24
LOANS CONVERTIBLE INTO			
1) EQUITY SHARES & SECURITIES PREMIUM		0.00	80.00
2) 2.5% CUMULATIVE NON-CONVERTIBLE REDEEMABLE PREFERENCE SHARES (NOTE NO.22)		0.00	280.00
RESERVES & SURPLUS	B	165.88	127.42
SECURED LOANS	C	7955.51	6911.70
UNSECURED LOANS	D	1709.58	1463.38
		<u>12836.75</u>	<u>11546.74</u>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS	E		
A) GROSS : BLOCK		19355.41	19195.92
B) LESS : DEPRECIATION & IMPAIRMENT		13284.68	12225.62
C) NET BLOCK		6070.73	6970.30
D) CAPITAL WORK-IN-PROGRESS		37.67	160.89
		<u>6108.40</u>	<u>7131.19</u>
INVESTMENTS	F	501.73	846.50
DEFERRED TAX ASSET ((NOTE NO. 16(b)& 16(c))		2654.15	2148.17
NET CURRENT ASSETS	G		
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES		717.02	2393.45
SUNDRY DEBTORS		2191.27	4800.47
CASH AND BANK BALANCES		59.25	381.33
LOANS AND ADVANCES		704.43	1179.48
		<u>3671.97</u>	<u>8754.73</u>
LESS: CURRENT LIABILITIES AND PROVISIONS		<u>6636.43</u>	<u>11595.67</u>
		(2964.46)	(2840.94)
MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
VOLUNTARY RETIREMENT EXPENDITURE (NOTE NO.9)		741.88	1111.14
CONVERSION OF LENDERS' SACRIFICE (NOTE NO. 15(c))		103.23	184.18
<b>PROFIT &amp; LOSS A/C</b>		<u>5691.82</u>	<u>2966.50</u>
		<u>12836.75</u>	<u>11546.74</u>

## NOTES ON ACCOUNTS

L

As per our Report attached

R.M. GOCULDAS  
Chairman

D.P. GOCULDAS  
Chief Executive Officer

D. N. VAZE  
Chief Finance Officer

H. T. KAPADIA  
C.B. NALAWALA  
Directors

FOR K.S.AIYAR & CO.  
Chartered Accountants

L.N.GOCULDAS  
Vice Chairman

B.L. GOCULDAS  
Chief Executive Officer

D.T GOKHALE  
Secretary

RAGHUVIR M.AIYAR  
Partner  
Membership No.38128

Mumbai, 30th June, 2009

Mumbai, 30th June, 2009



# PROFIT AND LOSS ACCOUNT

FOR THE 18 MONTHS ENDED 31 ST MARCH, 2009

		RS. IN LACS	
		OCT. 07 TO MAR. 09	APR. 06 TO SEPT. 2007
<b>INCOME</b>			
Gross Sales		17677.35	28125.53
Less : Excise Duty		1476.80	1992.94
Less : Sales Tax / Value Added Tax		505.56	941.91
Net Sales		<u>15694.99</u>	<u>25190.68</u>
Other Income	H	89.53	236.52
		<u>15784.52</u>	<u>25427.20</u>
<b>EXPENDITURE</b>			
Consumption of Materials	I	11495.57	17013.50
Other Expenditure	J	5480.40	9410.41
Interest (Net) [Including on Term Loans and Deposits Rs. 165.77 Lacs (Previous Year Rs.772.89 Lacs)] {Note No. 15(a), 15(b) & 15(d)}		712.82	1426.31
Provision For Doubtful Debts & Advances		150.00	63.13
Depreciation & Lenders' Sacrifice Amortisation	K	1158.99	1260.13
		<u>18997.78</u>	<u>29173.48</u>
		<u>(3213.26)</u>	<u>(3746.28)</u>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL ITEM &amp; TAXATION</b>			
<b>EXCEPTIONAL ITEM :</b>			
Waiver Of Dues By Banks/Financial Institution			
By One Time Settlement ( Note No. 22 )		0.00	139.31
		<u>(3213.26)</u>	<u>(3606.97)</u>
<b>PROFIT/(LOSS) AFTER EXCEPTIONAL ITEM, BUT BEFORE TAXATION</b>			
Deferred Tax Asset (Note No.16(b) & 16(c))		505.98	2148.17
		<u>(2707.28)</u>	<u>(1458.80)</u>
<b>PROFIT/(LOSS) AFTER EXCEPTIONAL ITEM &amp; AFTER CONSIDERING DEFERRED TAX ASSET</b>			
Provision for Wealth Tax		0.04	0.05
Provision for Fringe Benefit Tax		18.00	25.00
		<u>(2725.32)</u>	<u>(1483.85)</u>
<b>PROFIT/(LOSS) AFTER TAXATION</b>			
Balance Brought Forward		(2966.50)	(1482.65)
Balance Carried Forward		<u>(5691.82)</u>	<u>(2966.50)</u>

## NOTES ON ACCOUNTS

L

Basic, As Well As Diluted, Earnings Per Equity Share (In Rupees) (Note No. 20)

A) Before Exceptional Item

B) After Exceptional Item

Nominal Value Per Equity Share ( In Rupees)

	(13.40)	(8.31)
	(13.40)	(7.64)
	10.00	10.00

As per our Report attached

R.M. GOCULDAS  
Chairman

D.P. GOCULDAS  
Chief Executive Officer

D. N. VAZE  
Chief Finance Officer

H. T. KAPADIA  
C.B. NALAWALA  
Directors

FOR K.S.AIYAR & CO.  
Chartered Accountants

L.N.GOCULDAS  
Vice Chairman

B.L. GOCULDAS  
Chief Executive Officer

D.T GOKHALE  
Secretary

RAGHUVIR M.AIYAR  
Partner  
Membership No.38128

Mumbai, 30th June, 2009

Mumbai, 30th June, 2009



## SCHEDULES TO BALANCE SHEET

		Rs.in Lacs	
		31st March, 2009	30th Sept., 2007
<b>Schedule A</b>	<b>Share Capital</b>		
<b>Authorised:</b>			
3,00,00,000	Equity Shares Of Rs.10 Each(Previous Year 3,00,00,000 Equity Shares of Rs 10 Each)	3000.00	3000.00
10,00,000	Preference Shares of Rs.100 Each (Previous Year 10,00,000 Preference Shares of Rs. 100 Each)	1000.00	1000.00
		<u>4000.00</u>	<u>4000.00</u>
<b>Issued:</b>			
2,12,58,631	Equity Shares of Rs 10 Each (Previous Year 2,08,43,262 Equity Shares of Rs 10 Each)	2125.86	2084.33
8,80,000	Preference Shares of Rs.100 Each (Previous Year 6,00,000 Preference Shares of Rs 100 Each)	880.00	600.00
		<u>3005.86</u>	<u>2684.33</u>
<b>Subscribed:</b>			
2,12,57,821	Equity Shares of Rs 10 Each (Previous year 2,08,42,452 Equity Shares of Rs 10 Each) [Out of these 82,41,175 Shares of Rs 10 each were allotted as Fully Paid up by way of Bonus Shares by capitalisation of General Reserve (Previous year 82,41,175 Shares of Rs. 10 Each) 10,05,914 Shares were allotted as fully paid to the Shareholders of The Erstwhile Udaipur Phosphates and Fertilisers Ltd. (UPFL) consequent to the Amalgamation of UPFL with the Company w.e.f.1-4-1999 (Previous year 10,05, 914 Shares of Rs. 10 each) 67,63,437 Equity Shares of Rs.10 each were issued to the existing Shareholders on Rights Basis] (Previous Year 67,63,437) and (4,15,369 equity shares were issued as Conversion of loans to a bank during the current financial year. (Previous year 5,52,141)	2125.78	2084.24
8,80,000	Preference Shares of Rs.100 Each (Previous Year 6,00,000 Preference Shares of Rs 100 Each)	880.00	600.00
		<u>3005.78</u>	<u>2684.24</u>

**Note:** 6,00,000 Redeemable Cumulative Non-convertible Preference Shares of Rs. 100 Each aggregating to Rs. 600 Lacs are redeemable In Five equal installments of Rs. 120 Lacs each during the financial years 2008-09 To 2012-13, as per revised redemption schedule. The Unpaid Dividend on These Preference Shares as at 31.03.2009 is Rs. 288.00 Lacs (Previous Year Rs. 216.00 lacs) at the revised rate of 8% p.a. Since these Preference shares are cumulative, this dividend amount will be paid in the year, in which the Company declares the Same. Further, 2,80,000 2.5% Redeemable Cumulative Non-convertible Preference Shares of Rs.100 each allotted on 31.12.2007, aggregating to Rs. 280 lacs are redeemable in Sixteen equal quarterly installments of Rs. 17.50 lacs commencing from 1st April,2012. The Unpaid Dividend on these preference Shares as at 31.03.2009 is Rs. 8.81 lacs (Previous Year Nil) at the rate of 2.50% p.a. since these preference shares are cumulative, this dividend amount will be paid in the year, in which the company declares the same.

### SCHEDULE B RESERVES & SURPLUS

1.	Capital Reserve	0.48	0.48
2.	Subsidy from Government of Gujarat	25.00	25.00
3.	Subsidy from Government of Maharashtra	20.00	20.00
4.	Subsidy from Government of Rajasthan	15.00	15.00
5.	Securities Premium	98.81	60.35
6.	Export Profit Reserve	1.80	1.80
7.	Amalgamation Reserve	4.79	4.79
	Total	<u>165.88</u>	<u>127.42</u>



## SCHEDULES TO BALANCE SHEET

		Rs.in Lacs	
		31st March, 2009	30th Sept. 2007
<b>Schedule C</b>	<b>SECURED LOANS</b>		
<b>1. Borrowings From Banks</b>	Against hypothecation of stocks of raw materials, finished goods, goods in process, packing materials etc. And debtors in respect of all factories and a second mortgage of all the immovable properties of the Company, both present & future, situated at Ambernath, Roha, Jhar (Dist.-Amreli) and Khemli (Dist-Udaipur)	5291.51	3414.55
<b>2. Term Loans From Institutions/banks (Note No. 22)</b>	Secured/to be secured by a first mortgage of all the immovable properties of the Company, both present and future, and Hypothecation of all the movable properties of the company (save and except book debts), both present and future, situated at Ambernath, Roha, Jhar (Dist.-Amreli) and Khemli (Dist.-Udaipur) subject to prior charges created and/or to be created in favour of the Company's bankers over the Company's inventory for securing the working capital requirements.	2664.00	3497.15
		<b>7955.51</b>	<b>6911.70</b>

Borrowings From Banks And Term Loans From Institutions / Banks Indicated In (1) & (2) above are also secured by a Guarantee given by Shri. R.M. Goculdass, Chairman of the Company.

<b>Schedule D</b>	<b>UNSECURED LOANS</b>		
<b>Fixed Deposits (Includes Inter Corporate Deposits)</b>	(Amount due within one year Rs. 946.80 lacs) (previous year Rs. 764.94 lacs)	946.80	921.71
<b>Sales Tax Loans</b>	(Amount due within one year Rs. 162.47 lacs) (previous year Rs. 84.87 lacs)	315.58	422.40
<b>Lenders' Sacrifice Converted into loans (Note No. 22)</b>	(Amount due within one year Nil) (previous year Nil)	117.40	117.40
<b>Other Loans</b> {Amount due within one year Rs. 329.80 lacs (previous year Rs. 1.20 lacs)} & {amount due to Director Rs. 329.43 lacs (previous year Nil)}		329.80	1.87
		<b>1709.58</b>	<b>1463.38</b>

### SCHEDULE E FIXED ASSETS

	Gross Block on 01/10/2007	Additions during Oct 07 - Mar 09	Deductions during Oct 07 - Mar 09	Gross Block as on 31/03/2009	Total Depreciation on 01/10/2007	Deductions during Oct 07 - Mar 09	Depreciation during Oct 07 - Mar 09	Total Depreciation Upto 31/03/2009	Impairment on 31/03/2009	Net Block on 31/03/2009	Net Block on 30/9/2007
Freehold Land	81.17	-	25.16	56.01	-	-	-	-	-	56.01	81.17
Leasehold Land	12.62	-	-	12.62	3.15	-	0.08	3.23	-	9.39	9.47
Buildings	1235.55	26.95	6.57	1255.93	476.56	1.90	34.10	508.76	-	747.17	758.99
Plant & Machinery (Owned)	16410.90	183.44	-	16594.34	9923.26	-	947.05	10870.31	729.28	4994.75	5758.36
Plant & Machinery (Leased)	867.05	-	-	867.05	606.96	-	71.79	678.75	-	188.30	260.09
Furniture And Equipments	471.17	0.86	6.82	465.21	388.16	4.87	14.61	397.90	-	67.31	83.01
Vehicles	117.46	-	13.21	104.25	98.25	12.21	10.41	96.45	-	7.80	19.21
<b>TOTAL</b>	<b>19195.92</b>	<b>211.25</b>	<b>51.76</b>	<b>19355.41</b>	<b>11496.34</b>	<b>18.98</b>	<b>1078.04</b>	<b>12555.40</b>	<b>729.28</b>	<b>6070.73</b>	<b>6970.30</b>
Previous Year	18957.90	396.37	158.35	19195.92	10421.79	130.75	1205.30	11496.34	729.28	6970.30	

Gross Block & Net Block of Buildings Include Cost of Shares of Prospect Chambers Office Owners Condominium amounting to Rs. 0.22 lac (previous year Rs. 0.22 lac)

## SCHEDULES TO BALANCE SHEET

		Rs.in Lacs	
Schedule F INVESTMENTS (AT COST)		31st March, 2009	30th Sept., 2007
<b>1. Government Securities</b>			
	National Saving Certificates(Unquoted)(Lodged as Security Deposit)	0.32	0.34
<b>2. Investment In Subsidiary</b>			
1,15,00,000	Fully paid equity shares of DMCC Oil Terminals (Navlakhi) Ltd., of Rs.10 Each (Unquoted) (Previous Year 1,15,00,000) (Net of diminution in value of Rs. 305.00 lacs effected in 2004-2005 and Rs. 344.75 lacs effected during Oct. 2007 to March 2009)	500.25	845.00
<b>3. Trade Investments</b>			
33,000	Fully paid equity shares of Indian Potash Ltd., of Rs.10 each (Previous year 33,000)	0.55	0.55
<b>4. Other Investments</b>			
1,000	Fully paid equity shares of Dombivali Nagari Sahakari Bank Ltd. of Rs.50 each (unquoted)(previous year 1,000)	0.50	0.50
1,000	Fully paid equity shares of Saraswat Co-operative Bank Ltd. of Rs 10 each. (unquoted)(previous year 1,000)	0.10	0.10
25	Fully paid equity shares of Shamrao Vittal Co-operative Bank Ltd. of Rs 25 each. (unquoted)(previous year 25)	0.01	0.01
		<u>501.73</u>	<u>846.50</u>
	Unquoted Investments : Cost	501.73	846.50
	Quoted Investments : Cost	Nil	Nil
	Market Value of Quoted Investments	Nil	Nil

		Rs. In Lacs	
Schedule G NET CURRENT ASSETS		31st March, 2009	30th Sept., 2007
<b>1. Inventories (as valued and certified by Management)</b>			
(a)	Stores and Spares	278.10	285.94
(b)	Packing Materials	40.99	69.63
(c)	Stock-in-trade:		
(i)	Raw Materials (Including in-transit Nil) (Previous Year Rs. 945.44 lacs)	106.53	1454.70
(ii)	Material in process (Manufactured)	11.01	11.48
(iii)	Work in progress (Project) (Note No. 25(b))	6.16	0.00
(iv)	Finished Goods - Manufactured	274.23	569.67
	- traded	-	2.03
		<u>274.23</u>	<u>571.70</u>
		717.02	2393.45
<b>2. Sundry Debtors (Unsecured) :</b>			
(a)	Over Six Months : (( Note No. 13 & 14)(Note No. 25 (b))		
(i)	Considered Good	1687.57	2274.87
(ii)	Considered Doubtful	1571.08	1421.08
(b)	Others-considered Good	503.70	2525.60
		<u>3762.35</u>	<u>6221.55</u>
	Less: Provision For Doubtful Debts Per Contra	1571.08	1421.08
		<u>2191.27</u>	<u>4800.47</u>
	<b>Balance C / F</b>	<u>2928.29</u>	<u>7193.92</u>



## SCHEDULES TO BALANCE SHEET

Rs. In Lacs

### Schedule G NET CURRENT ASSETS (Contd.)

31st March, 2009

30th Sept., 2007

Balance B / F	2908.29	7193.92
<b>3. Cash And Bank Balances :</b>		
(a) Cash In Hand	1.90	4.50
(b) With Scheduled Banks in Current Accounts	32.16	119.16
(c) With Scheduled Bank(in Foreign Currency) in Current Account	1.33	1.12
(d) With Scheduled Banks-in Fixed Deposit/Margin Money, etc.	22.90	255.59
(e) With Commercial Bank of Syria, (Unscheduled Bank) in Current Account (maximum balance during the year Rs.0.96 lacs, previous year Rs.0.96 lacs)	0.96	0.96
	59.25	381.33
<b>4. Loans And Advances(Unsecured) : ( Note No. 14)</b>		
(a) Loans And Advances Recoverable in Cash or kind :		
(i) Considered Good (Includes Rs. 40.94 lacs due from subsidiary Company, previous year Rs. 26.39 lacs)	399.38	817.03
(ii) Considered Doubtful	152.14	152.14
	551.52	969.17
Less: Provision for Doubtful Advances per contra	152.14	152.14
	399.38	817.03
(b) Balance with Customs, Public Bodies etc.	305.05	362.45
	704.43	1179.48
	3671.97	8754.73
<b>Less: Current Liabilities And Provisions:</b>		
<b>(A) Current Liabilities</b>		
(a) Sundry Creditors (Note No. 12)	5120.11	9772.17
(b) Acceptances	223.98	639.59
(c) Investor Education & Protection Fund (Appropriate amount shall be transferred to "Investor Education & Protection Fund" as and when due)		
(i) Unpaid Dividend	10.63	10.63
(ii) Unclaimed Matured Deposits	21.11	68.27
(iii) Unpaid FD / Debenture Interest	5.29	5.29
(d) Other Liabilities [Includes due to Directors Rs. 3.03 lacs (previous year Rs. 2.99 lacs)]	306.20	305.25
(e) Interest accrued but Not Due (Note No. 22)	50.18	86.44
Sub Total (A)	5737.50	10887.64
<b>(B) Provisions</b>		
(i) Provision for Taxation [Net of Adv.tax Rs. 167.43 lacs (previous year Rs. 161.21 lacs)]	1.39	7.61
(ii) Provision For Fringe Benefit Tax [Net of Adv. Rs. 20.95 lacs, (previous year Rs. 20.95 lacs)]	42.25	24.25
(iii) Provisions for Employees Benefits [(Note No. 25(a))	855.29	676.17
Sub Total (B)	898.93	708.03
	6636.43	11595.67
	(2964.46)	(2840.94)

## SCHEDULES TO PROFIT AND LOSS ACCOUNT

Rs.in Lacs

Schedule H	OTHER INCOME	Oct., 07 To March, 09	Apr., 06 To Sept., 2007
	Miscellaneous Income (Note No 11(a))	79.49	242.63
	Profit on Sale of Assets (Net)	10.04	(6.11)
		<u>89.53</u>	<u>236.52</u>
<b>Schedule I</b>	<b>CONSUMPTION OF MATERIALS</b>		
	Raw Materials and Boughtouts	11005.03	16010.99
	Packing Materials	194.63	695.53
	Increase/Decrease in Stock of Manufactured Finished Goods & Materials - In - Process		
	Stock at beginning of the year	581.15	888.13
	Stock at end of the year	<u>285.24</u>	<u>581.15</u>
		295.91	306.98
		<u>11495.57</u>	<u>17013.50</u>
<b>Schedule J</b>	<b>OTHER EXPENDITURE</b>		
	Wages, salaries and bonus (Note No. 17)	1223.65	1655.78
	Contribution / Provisions To P.F. & other Funds (Note No. 17)	352.10	427.02
	Staff welfare expenses (Note No.17)	169.13	230.04
		<u>1744.88</u>	<u>2312.84</u>
	Stores and Spares	16.70	121.28
	Power and Fuel	987.04	2057.81
	Insurance	65.31	114.03
	Rates and Taxes	17.79	26.22
	Repairs - Buildings	26.95	103.21
	Repairs - Machinery	535.55	1148.80
	Rent / Lease Rent	3.43	5.35
	Printing, Postage, Stationery and Telephones	80.27	130.73
	Travelling and Car Expenses	88.37	175.58
	Professional Fees	145.23	101.52
	Miscellaneous Expenses (Note No. 11(b))	361.66	491.55
	Internal Handling, Freight and Carriage Outward	632.65	2150.47
	Excise Duty	(15.19)	63.96
	Advertisement and Publicity	7.04	22.47
	Commission and Discount on Sales	68.71	222.11
	Amortisation of Deferred Revenue Expenditure (Note No. 9)	369.26	162.48
	Provision For Diminution in value of Shares	344.75	0.00
		<u>5480.40</u>	<u>9410.41</u>
<b>Schedule K</b>	<b>DEPRECIATION &amp; LENDERS' SACRIFICE AMORTISATION</b>		
	1) Depreciation on Fixed Assets	1078.04	1205.30
	2) Amortisation of Lenders' Sacrifice (Note 15 (c))	80.95	54.83
	Total	<u>1158.99</u>	<u>1260.13</u>



## SCHEDULE - L

### NOTES TO THE ACCOUNTS FOR THE PERIOD OCTOBER 2007 TO MARCH 2009

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

The Company follows the accrual basis of accounting.

##### **Fixed Assets**

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

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

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

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

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

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

##### **Treatment of Expenditure during the Construction period**

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

##### **Valuation of Inventories**

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

##### **Investments**

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

##### **Sales**

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

##### **Taxation**

Income Tax expense comprises of Current Tax, Deferred Tax charge or credit and Fringe Benefit Tax.

##### **i) Current Tax :**

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

##### **ii) Deferred Tax :**

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

##### **Employees' Benefits**

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

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

In case of payments made under Voluntary Retirement Scheme, the total amount paid is treated as Deferred Revenue Expenditure spread over a period of 84 months or number of months' service foregone, whichever is lower. The proportionate expenditure relating to each accounting year is charged to revenue.

# EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

## Foreign Currency Transactions

- (i) Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last day of the accounting year. In respect of items covered by forward exchange contracts, the premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such a 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 other than fixed assets, which are carried in terms of historical cost determined in a foreign currency are reported using the exchange rate at the date of transaction.
- (iii) Gain or Loss arising out of translation / conversion is taken credit for or charged to the profit and loss account.

## Provisions / Contingencies

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

## Impairment of Assets

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

## Lenders' Sacrifice Amortisation

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

		<b>Rs. in lacs</b>	
		<u>OCT 07/MAR 09</u>	<u>APR 06/SEPT 07</u>
<b>2. Professional Fees include Payments to Auditors for :</b>			
Audit Fees(including service tax)		5.06	5.05
Fees for Limited Reviews and Corporate Governance Certificate (Including Service Tax)		2.60	2.60
Tax Audit Fees(including service tax)		2.40	2.27
Other Services		7.23	7.18
Travelling and out-of-pocket expenses		1.14	0.42
<b>3. Salaries, Wages and Consumption of Stores and Spares are</b>			
shown net after allocation as follows:			
Salaries and Wages allocated to repairs, etc.		219.85	200.60
Stores and Spares allocated to repairs, etc.		226.84	804.81
<b>4. Managerial Remuneration</b>			
(excludes contributions to Gratuity Fund & Leave encashment on retirement, since same is provided on an actuarial basis for the Company as a whole)			
(i) Salary to the Executive Directors		32.40	47.40
(ii) Perquisites and Benefits to the Executive Directors (including contributions to P.F & Superannuation Fund)		20.85	27.93
Total Managerial Remuneration		<u>53.25</u>	<u>75.33</u>
<b>5. No provision has been made towards Commission to Directors due to inadequacy of profit for the years Oct 2007 to March 2009, April 2006 to Sept. 2007, 2005-2006, 2004-2005 &amp; 2003-2004. Remuneration and benefits paid to Executive Directors for the years Oct 2007 to Mar 2009, April 2006 - Sept. 2007, 2005-2006, 2004-2005 and 2003-2004 are within the limit prescribed under Schedule XIII to the Companies Act, 1956.</b>			
<b>6. Miscellaneous Income includes :</b>			
(i) Dividend from Trade Investments (gross)		0.59	1.09
(ii) Dividend from other Investments (gross)		0.04	0.09
<b>7. Contingent Liabilities not provided for:</b>			
(i) Outstanding claims in respect of Excise Duty, Sales-Tax, etc.		81.13	83.64
(ii) Guarantees given by the Company and Company's Bankers		950.83	1587.04
(iii) Arrears of Cumulative Preference Dividend		296.81	216.00



8. Wages, Salaries and Bonus include provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement in accordance with Accounting Standard 15 of the Institute of Chartered Accountants of India. Contribution to Provident and other funds includes Company's contribution to Provident Fund, Family Pension Fund, Gratuity Fund (based on actuarial valuation) and Superannuation Fund.
9. In case of payments made from 1st April, 2000, under the Voluntary Retirement Schemes of the Company, the total amount paid is treated as a deferred revenue expenditure and amortised over a period of 84 months or the number of months service foregone, whichever is lower, using the sum of digits method. Under this method the charge to Profit and Loss account is lowest in the first year and the highest in the last year. However, the amount to be amortised beyond 31st March 2010, will be charged during the financial year 2009-10, in accordance with Accounting Standard (AS 15) (Revised 2005) on Employee Benefits.
- A sum of Rs.369.26 lacs (Previous Year Rs.162.48 lacs) has been charged to the Profit and Loss Account as deferred revenue expenditure, on account of compensation paid to employees under Early Voluntary Retirement Schemes and Rs. 741.88 lacs (Previous Year Rs.1111.14 lacs) has been carried forward to Deferred Revenue Expenditure account as per the method of accounting followed by the Company.
10. Subsidy from Governments of Gujarat (Rs.25 lacs), Maharashtra (Rs.20 lacs) and Rajasthan (Rs.15 lacs) for setting up of industrial units at Jhar, (Dist.Amreli), at Roha (Dist.Raigad) and Khemli (Dist.Udaipur), respectively, is repayable in the event of non-fulfilment of stipulated conditions.
11. (a) Miscellaneous income for the period ended 31.03.2009 includes gain / (loss) on foreign exchange (net) amounting to nil (previous year Rs. 107.92 Lacs).
- (b) Miscellaneous expenses for the period ended 31.03.2009 includes gain / (loss) Rs.(103.07) lacs (previous year Nil) on foreign exchange.
12. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date, computed on unit wise basis. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the period of 18 months ended on the Balance Sheet date, nor is any interest payable to any Micro, Small and Medium Enterprises on the Balance sheet date.
- The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.
13. A contract was entered into in 1993 between the Company and General Fertiliser Co., (GFC) Homs, Syria for revamping of two streams of Sulphuric Acid Plant of GFC by the Company. The value of the contract was USD 12.8 million plus Syrian Pounds 72 million, equivalent to Rs.44.24 crores, considering the exchange rates prevailing in 1993. The Company has completed this project and has also given the required performance test runs on the two streams of the Sulphuric Acid plant. The Company has also received all payments from GFC, Syria except payment of certain invoices aggregating to USD 1.37 million (included in "Sundry Debtors") equivalent to Rs.703.59 lacs as on 31.03.2009. The Company has also made claims from GFC, Syria towards interest on delayed payments, bank charges for extension of the validity period of the Letter of Credit/bank Guarantees and other overheads. The Company has not taken any credit for these claims in the books of accounts. As provided in the contract, the case was referred to the Arbitration Tribunal at Damascus, Syria. The Arbitration Tribunal has given its award, according to which GFC, Syria was required to make payment to the Company of the aforesaid unpaid dues aggregating to USD 1.37 million. Further, the Arbitration Tribunal has accepted certain claims made by the Company as also by GFC, Syria. The Company as well as GFC, Syria have filed their respective appeals against the Arbitration award with the State Council at Damascus, Syria. The Company as well as GFC, Syria have made certain claims on each other, in their respective appeals as filed with the State Council. The State Council constituted a seven member Expert Committee in October 2002 to examine these claims and give its recommendations. The Report of this Expert Committee, containing its recommendations has been submitted to the State Council. The comments received from GFC, Syria and the Company (in response to the recommendations of the Expert Committee) have been forwarded by the State Council to the Expert Committee. Based on these comments, the Expert Committee has submitted its Report to the State Council recommending payment to the Company of the aforesaid invoices aggregating to USD 1.37 million (equivalent to Rs.703.59 lacs) and certain other claims of the Company. On this basis, the Supreme Administrative Court of Syria has given its judgement according to which a net amount of about USD 0.90 Million (equivalent to Rs. 453.59 lacs) is payable by GFC to the Company as on 31.03.2009. In addition, the Company is entitled to receive interest @ 5% p.a. from GFC, Syria on the aforesaid net amount of about USD 0.90 million (equivalent to Rs. 453.59 lacs as on 31/03/2009), till the date of payment, as per the aforesaid judgement, which has not been accrued by the Company in the books of accounts. The shortfall in receivable between the amount included in "Sundry Debtors" as on 31.03.2009 (i.e. Rs.703.59 lacs) and the net amount payable to the Company by GFC, Syria as on 31.03.2009 as per the judgement given by Supreme Administrative Court of Syria (i.e. Rs.453.59 lacs), has already been provided in earlier Financial Year.
14. (a) The Company has made a provision for Doubtful Debts and Advances aggregating to Rs.1723.22 lacs upto the period ended 31.03.2009. In the opinion of the Management of the Company, this provision is adequate to cover the Doubtful Debts & Advances as on 31.03.2009, including those in respect of dues from GFC, Syria (to the extent considered doubtful).
- (b) The Debtors as on 31.03.2009 are subject to confirmations from customers.
15. (a) Interest expense for the period ended 31.03.2009 is after reduction in interest cost on borrowings from lenders to the extent of Rs. 20.69 lacs (Previous year Rs.153.10 Lacs) (due to reduction in the interest rates), pursuant to revised Corporate Debt Restructuring (CDR) package approved by the lenders, effective from 1st April 2005, subject to certain conditions, which are being fulfilled by the Company.
- (b) Interest expense for the period ended 31 st March 2009 and for the period ended 30th September 2007 is net off interest income of Rs.9.25 lacs and Rs. 9.14 lacs, respectively. Tax deducted at source in respect of aforesaid interest income for the period ended 31st March 2009 is Rs. 0.98 lacs (Previous year Rs.1.55 lacs)
- (c) As per one of the conditions of the revised CDR package approved by the lenders (effective from 01.04.2005), the Company is required to convert a part of sacrifice undertaken by the lenders in the revised CDR package vis a vis, the earlier CDR package, due to reduction in the interest rates (on Net Present Value basis) amounting to Rs.267.90 lacs, partly into Equity Shares of the Company (valued at Rs.115.56 Lacs, inclusive of securities premium) and partly into unsecured loans (amounting to Rs.152.34 lacs). The cost to the Company arising out of conversion of the above sacrifice undertaken by the lenders (Rs. 267.90 lacs) is being amortised equally during eight Financial Years from 2005-06 to 2012-13, since all Term Loans are to be paid by the Company by 31st March 2013, as per revised CDR package. Accordingly, Rs. 80.95 lacs (Previous Year Rs.54.83 lacs) has been amortised during the period ended 31st March 2009 and the unamortised amount of Rs. 103.23 lacs has been carried forward as Deferred Revenue Expenditure, as on 31st March 2009



## EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

- (d) The Company has not recognised interest aggregating to Rs.785.82 lacs for the eighteen months period ended 31.03.2009(Previous year Nil) as the banks concerned have not debited the same to the respective accounts of the Company.
- 16 (a) No provision has been made in respect of current income tax since there is no taxable income during the period ended 31st March 2009 and period ended 30th September 2007.
- (b) The Company will start trading in various fertilisers and other agri inputs in association with a "Strategic Investor", after completing One Time settlement (OTS) of dues to Banks. This will result in significant additional turnover and profits. Consequently, there is virtual certainty of realisation in respect of "Deferred Tax Asset" mainly resulting from unabsorbed depreciation and carried forward losses. Accordingly, the Company had recognised "Deferred Tax Asset" amounting to Rs. 2148.17 Lacs, in the Financial Accounts for the period of eighteen months ended 30th September, 2007, considering unabsorbed depreciation and unabsorbed business losses upto 31.03.2007. The Company has recognised further "Deferred Tax Asset" amounting to Rs. 505.98 lacs in the Financial Accounts for the period of eighteen months ended 31.03.2009, mainly resulting from Unabsorbed Depreciation upto 31.03.2009 and Unabsorbed Business Losses upto 31.03.2008. The Company will also recognise 'Deferred Tax Asset' resulting from Unabsorbed Business Loss for the Previous Year April 2008 to March 2009, after filing the Income Tax Return for this previous year (Assessment Year 2009-2010)
- (c) The break-up of the Deferred Tax Liability / (Deferred Tax asset) as on 31.03.2009 and 30.09.2007, recognised by the Company in the books of accounts, is as follows :

	As on 31.03.2009	As on 30.09.2007
<b>Deferred Tax Liabilities :</b>		
Difference between book and tax depreciation	1611.05	1499.54
Others	221.90	297.07
	<b>1832.95</b>	<b>1796.61</b>
<b>Deferred Tax Assets :</b>		
Unabsorbed depreciation / Business loss	3610.68	3223.88
Others	876.42	720.90
	<b>4487.10</b>	<b>3944.78</b>
<b>Net Deferred Tax Liabilities / (Deferred Tax assets) :</b>	<b>(2,654.15)</b>	<b>(2,148.17)</b>
<b>Recognised in the books of accounts</b>	<b>(2,654.15)</b>	<b>(2,148.17)</b>

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

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

### 18 Segment Reporting :

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

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



**SEGMENT INFORMATION FOR THE PERIOD OCTOBER 2007 TO 31ST MARCH 2009  
INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS**

	<b>Fertilisers [ Rs in Lacs ]</b>	<b>Chemicals [ Rs in Lacs ]</b>	<b>Unallocated [ Rs. in Lacs ]</b>	<b>Total [ Rs. in Lacs ]</b>
<b>REVENUE (NET)</b>				
Domestic Sales (Net of Excise Duty & Value Added Tax/S.Tax)	1692.24 (8245.23)	10536.33 (13040.99)	1147.77 (-)	13376.34 (21286.22)
Export Sales		2318.65 (3,904.46)		2318.65 (3,904.46)
Sub total	1692.24 (8245.23)	12854.98 (16945.45)	1147.77 (-)	15694.99 (25190.68)
Add : Inter Segmental Sales		0.00 (931.00)		0.00 (931.00)
Total Segment Revenue	1692.24 (8245.23)	12854.98 (17876.45)	1147.77 (0.00)	15694.99 (26121.68)
<b>RESULT ( Profit / -Loss before Tax, Interest, Non-operating income, exceptional items and Unallocated Expenditure)</b>	<b>-744.99</b> <b>(-1148.95)</b>	<b>-1534.56</b> <b>(-1116.19)</b>	<b>-151.26</b> <b>(-)</b>	<b>-2430.81</b> <b>(-2265.14)</b>
Operating Profit				-2430.81 (-2265.14)
Interest				712.82 (1,426.31)
<b>Profit/ - Loss before Non-operating Income and Exceptional Item</b>				<b>-3143.63</b> <b>(-3691.45)</b>
<b>Exceptional item - Waiver of Dues of OTS</b>				0.00 (139.31)
Non - Operating Income				11.32 (-)
Less : Lenders' Sacrifice Amortisation				80.95 (54.83)
<b>Profit / - Loss after exceptional item but before Taxation</b>				<b>-3213.26</b> <b>(-3606.97)</b>
Deferred tax asset				505.98 (2148.17)
<b>Profit / - Loss after exceptional item and after considering Deferred Tax Asset but before Taxation</b>				<b>-2707.28</b> <b>(-1458.80)</b>
Tax Provision/FBT for current year				18.04 (25.05)
<b>NET PROFIT / - LOSS</b>				<b>-2725.32</b> <b>(-1483.85)</b>
<b>OTHER INFORMATION</b>				
Segmental Assets	1843.42 (3984.92)	7618.50 (11725.14)	318.45 (175.86)	9780.37 (15885.92)
Segmental Liabilities	665.91 (3,585.56)	5813.97 (7,554.41)	112.91 (423.84)	6592.79 (11563.81)
Capital Expenditure	0.15 (3.51)	87.88 (516.62)	0.00 (0.00)	88.03 (520.13)
Depreciation	90.58 (151.81)	987.46 (1053.50)	0.00 (0.00)	1078.04 (1205.30)
Non-Cash Expenses other than depreciation	35.12 (48.98)	334.14 (113.50)	0.00 (0.00)	369.26 (162.48)
<b>Total Assets exclude :</b>				
Investments				501.73 (846.50)
Miscellaneous Expenses (to the extent not written off)				741.88 (1111.14)
Conversion of Lenders' sacrifice (to the extent not written off)				103.23 (184.18)
Deferred Tax Asset				2654.15 (2148.17)

**EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)**

	<b>Fertilisers [ Rs in Lacs ]</b>	<b>Chemicals [ Rs in Lacs ]</b>	<b>Unallocated [ Rs. in Lacs ]</b>	<b>Total [ Rs. in Lacs ]</b>
<b>Total Liabilities exclude :</b>				
Secured Loans				7955.51 (6911.70)
Unsecured Loans				1709.58 (1463.38)
Provision for Tax (Net of Advance Tax)				43.64 (31.86)

**Note : Figures in brackets pertain to Previous Year.**

**Information about Secondary Segments :- Geographical**

	<b>For the year ended 31.03.2009 (18 Months)</b>	<b>For the year ended 30.09.2007 (18 Months)</b>
<b>a) Revenue by Geographical Market</b>		
India - Fertilisers	1692.24	8245.23
- Chemicals	10536.33	13040.99
Outside India - Chemicals	2318.65	3904.46
- Unallocated	1147.77	0.00
	<u>15694.99</u>	<u>25190.68</u>
<b>b) Carrying Amount of Segment Assets</b>		
India - Fertilisers	1843.42	3984.92
- Chemicals	7492.55	11347.76
- Unallocated	318.45	175.86
Outside India - Chemicals	125.95	377.38
	<u>9780.37</u>	<u>15885.92</u>
<b>c) Addition to Fixed Assets and Intangible Assets *</b>		
India	211.25	396.37
Outside India	0.00	0.00
	<u>211.25</u>	<u>396.37</u>

\* excludes Capital Work-in Progress.

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

	<b>October 2007 to March 2009</b>		<b>April 2006 to Sept. 2007</b>	
	<b>Quantity MTs</b>	<b>Value Rs.in Lacs</b>	<b>Quantity MTs</b>	<b>Value Rs.in Lacs</b>
<b>(1) TURNOVER (Net of Excise Duty &amp; Value Added Tax)</b>				
Single Superphosphate	34911	1692.24	196520	8245.23
Commodity Chemicals	116652	8593.87	324870	9111.64
Speciality Chemicals	5891	3854.85	15768	7265.84
Others		1554.03		567.97
		<u>15694.99</u>		<u>25190.68</u>
<b>(2) RAW MATERIALS AND BOUGHTOUTS CONSUMED</b>				
Rock Phosphate	13307	447.18	104216	3841.58
Sulphur	41378	7447.31	122639	6919.08
Others		3110.54		5250.33
		<u>11005.03</u>		<u>16010.99</u>



	October 2007 to March 2009		April 2006 to Sept. 2007	
	Quantity MTs	Value Rs.in Lacs	Quantity MTs	Value Rs.in Lacs
<b>(3) VALUE OF RAW MATERIALS AND BOUGHTOUTS, STORES, SPARES AND COMPONENTS CONSUMED</b>				
Raw Materials and Boughtouts:				
Imported		4141.58 (37.63%)		8881.40 (55.47%)
Indigenous		6863.45 (62.37%)		7129.59 (44.53%)
<b>Stores, Spares and Components:</b>				
Imported		-		4.03 (0.43%)
Indigenous		243.54 (100.00%)		922.06 (99.57%)
<b>(4) VALUE OF IMPORTS CALCULATED ON CIF BASIS :</b>				
Raw Materials & Boughtouts		3004.82		6574.29
<b>(5) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>				
Foreign tours, Subscription, etc.		103.11		170.43
<b>(6) EARNINGS IN FOREIGN CURRENCY IN RESPECT OF :</b>				
Export of goods calculated on FOB basis		2163.51		3630.47
Turnkey Project Sales		1147.77		-
<b>(7) (a) CAPACITIES AND PRODUCTION (in M.Tonnes)</b>				
	Licensed/ Registered Capacity 2008-2009 (PER ANNUM)	Installed Capacity * 2008-2009 (PER ANNUM)	Actual Production@ Oct 07 - Mar 09	
Single Superphosphate	432,000 (432,000)	432,000 (432,000)	18,168 (178,246)	
Sulphuric Acid 100%	412,400 (412,400)	379,400 (379,400)	123,669 (366,433)	
Chlorosulphonic Acid	71,500 (71,500)	56,500 (56,500)	6,237 (33,600)	
Sulfamic Acid	10,000 (10,000)	10,000 (10,000)	1,593 (4,141)	
Alumina Sulphate 17%	52,800 (52,800)	52,800 (52,800)	3,135 (25,685)	
Ammonium Sulfamate	1,500 (1,500)	1,500 (1,500)	37 (78)	
Diethyl Sulphate	5,000 (5,000)	5,000 (5,000)	1,306 (3,263)	
Benzene Sulfonyl Chloride	3,750 (3,750)	3,750 (3,750)	830 (3,255)	
Ammonium Silico Fluoride	3,000 (3,000)	3,000 (3,000)	- (-)	
Methane Sulfonic Acid	1,000 (1,000)	1,000 (1,000)	107 (520)	
Other Speciality Products	11,650 (11650)	11,650 (11650)	2,301 (4854)	

\* As certified by the Management

@ Includes production for captive consumption, wherever applicable

**EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)**

**(b) OPENING AND CLOSING STOCKS OF FINISHED GOODS :**

	Opening Stock		Closing Stock	
	Quantity MTs	Value Rs.in Lacs	Quantity MTs	Value Rs.in Lacs
Single Superphosphate	4,842 (13534)	167.76 (423.58)	1,753 (4842)	71.52 (167.76)
Commodity Chemicals	2,087 (7504)	64.65 (203.01)	1,915 (2087)	40.51 (64.65)
Speciality Chemicals	593 (550)	331.87 (239.85)	321 (593)	157.71 (331.87)
Others		5.39 (7.89)		4.49 (5.39)
Total Manufactured Finished Goods		569.67 (874.33)		274.23 (569.67)
Traded Finished Goods		2.03 (2.70)		- (2.03)

Figures in bracket are in respect of the previous year

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

	<u>Oct 07 - Mar 09</u>	<u>Apr 06 - Sept. 07</u>
<b>Before Exceptional item</b>		
Numerator - Profit / (Loss) after tax & after deducting preference dividend & tax thereon (Rs. in Lacs)	(2,819.86)	(1,707.40)
Denominator - weighted average number of equity shares	21,039,525	20,536,883
Basic, as well as diluted, earnings per equity share (in Rs.)	(13.40)	(8.31)
<b>After Exceptional item</b>		
Numerator - Profit / (Loss) after tax & after deducting preference dividend & tax thereon (Rs. in Lacs)	(2,819.86)	(1,568.09)
Denominator - weighted average number of equity shares	21,039,525	20,536,883
Basic, as well as diluted, earnings per equity share (in Rs.)	(13.40)	(7.64)

21 **Related Parties Disclosures :**

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

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>
(i) Shri R.M.Goculdas	Promoter and Chairman, holding more than 20% of the voting power (directly/indirectly)
(ii) Shri L.N.Goculdas	Promoter and Vice Chairman, holding more than 20% of the voting power (directly)

**(B) Subsidiary/Associate/Other Related Companies**

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

**(C) Key Management Personnel (Whole Time Directors)**

<u>Name of the Related Parties</u>	<u>Nature of Relationship</u>
(i) Shri D.P.Goculdas	Managing Director (upto 31/03/09)
(ii) Shri B.L.Goculdas	Managing Director (upto 31/03/09)
(iii) Shri D.N.Vaze	Whole time Director (upto 31/03/09)

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

	<b>Rs. in lacs</b>
Sitting Fees for attending Board and Committee meetings	2.29 (3.25)



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

	<u>Subsidiary/ Associate/ Companies</u>	<u>(Rs. in lacs) Other Related Companies</u>
(i) Purchase of Goods/Services Received by the Company		
Borax Morarji Ltd.	387.01	-
	(270.30)	-
Others		(24.63)
(ii) Sale of Goods/Services Rendered by the Company		
Borax Morarji Ltd.	686.04	
	(271.61)	
(iii) Interest paid by the Company	36.78	
	(-)	
(iv) Expenses Reimbursed (Net) to the Company	5.83	-
	(-)	-
(v) Closing balance included in Current Assets of the Company	151.53	-
	(26.39)	(0.58)
(vi) Closing balance included in Current Liability of the Company	-	
	(48.36)	
(vii) Closing balance included in Unsecured Loan of the Company	896.80	
	(270.00)	

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

	<u>Rs.in Lacs</u>
(i) Remuneration	32.40
	(47.40)
(ii) Rent / HRA paid for residential accommodation / other benefits	20.85
	(27.93)
(iii) Interest paid	-
	(0.07)
(iv) Closing balance as at year ended included in Outstanding liability of the Company	3.03
	(3.00)
(v) Unsecured Loan taken by the Company and outstanding as at the year end	329.43
	(200.00)

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

Figures in brackets pertain to Previous Year

## EIGHTY EIGHTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

- 22 The Company has settled various dues payable to a Bank as on 30 th September, 2007 by way of a "One Time Settlement" (OTS), the cut off date being 1st July, 2007. The Company had sent a letter to the Bank in September 2007 requesting such an OTS and the concerned Bank had also responded by sending a letter to the Company (giving its in principle approval of the OTS proposal), in September 2007 i.e. before the end of the Financial Year on 30.09.2007.

The terms of this settlement include conversion of loans as follow :

	Rs. Lacs
- Conversion into Equity Shares & Securities Premium (as per applicable SEBI Guidelines)	80.00
- Conversion into 2.5 % Cumulative - Non-Convertible Redeemable Preference Shares (Redeemable in sixteen equal quarterly installments commencing from 1st April 2012)	280.00
Total	360.00

Further, the terms include payment of a certain OTS amount (which has since been made in December 2007) and waiver of of the remaining dues amounting to Rs. 139.31 Lacs, which is indicated as an "Exceptional Item" in the Profit & Loss Account for the period of 18 months ended 30th September, 2007.

Accordingly, Secured term Loans, Lenders' Sacrifice converted into unsecured Loans, and Accrued interest in respect of this Bank as on 30th September, 2007 are after dedcuting the amounts converted / waived by the Bank, as a part of the aforesaid OTS.

- 23 Since it is proposed to sell the Equity Shares held by the Company in DMCC Oil Terminal (Navlakhi) Limited (DOTL), the control of the Company on DOTL is expected to be temporary. DOTL will not remain a subsidiary of the Company after this sale. Therefore, in terms of para 11 (a) of the Accounting Standard (AS-21) issued by the Institute of Chartered Accountants of India, the Company is not required to prepare the Consolidated Financial Statements.
- 24 The Company has prepared the financial statements for the eighteen months ended 31.03.2009 on a "Going Concern Basis" since the Company is confident that its profitability will improve in future in view of the following:
- a) A new activity of trading (in various fertilizers and other agri inputs ) which the Company will commence in association with a "statagic investor" after completing OTS of dues to Banks, and
  - b) Continued efforts by the Company for improving efficiency, restructuring / rationalisation of operations and optimisation of cost.
- 25 a) 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 31.03.2009, the required data is as follows:

I) For Continuing Employees :

	RS. IN LACS OCTOBER 2007 TO MARCH 2009	
	GRATUITY	LEAVE ENCASHMENT
<b>I Expense recognised in the statement of Profit &amp; Loss Account for year ended 31st March 2009</b>		
1. Current Service Cost	49.12	50.62
2. Interest Cost	57.34	12.51
3. Expected Return on plan assets	-	-
4. Actuarial [Gain / (Losses)]	12.28	(49.32)
5. Total Expenses	118.74	13.81
<b>II Net Assets / (Liability) recognised in the Balance Sheet as at 31st March 2009</b>		
1. Present value of Defined Benefit Obligation as at 31st March 2009	583.56	110.66
2. Fair Value of plan assets as at 31st March 2009	0.00	0.00
3. Funded Status [Surplus/(Deficit)]	(583.56)	(110.66)
4. Net asset / (Liability) as at March 2009	(583.56)	(110.66)
<b>III Change in Obligation during the year ended 31st March 2009</b>		
1. Present value of Defined Benefit Obligation at the beginning of the year	554.58	125.58
2. Current Service Cost	49.12	50.62
3. Interest Cost	57.34	12.51
4. Actuarial [Gain / (Losses)]	12.28	(49.32)
5. Benefits Payments	(89.76)	(28.73)
6. Present value of Defined Benefit Obligation at the end of the year	583.56	110.66



**RS. IN LACS**  
**OCTOBER 2007 TO MARCH 2009**

	<u>GRATUITY</u>	<u>LEAVE ENCASHMENT</u>
<b>IV Change in Assets During the year ended 31st March 2009</b>		
1. Plan assets at the beginning of the year	0.00	0.00
2. Expected return on plan assets	0.00	0.00
3. Contributions by employers	89.76	28.73
4. Actual benefits paid	(89.76)	(28.73)
5. Actuarial (Gain / (Losses))	0.00	0.00
6. Plan assets at the end of the year	0.00	0.00

**V Actuarial Assumptions :**

	October 2007 to March 2009	April 2006 to September 2007
1. Discount Rate	6.00%	7.50%
2. Expected rate of return on plan assets	0%	0%
3. Salary Escalation rate	1%	1%
3. Mortality Rate	LIC (1994-96)	LIC (1994-96)

	<u>GRATUITY</u>	<u>LEAVE ENCASHMENT</u>
	AS ON 31.03.2009 Rs. in lacs	AS ON 31.03.2009 Rs. in lacs
<b>II) For Ex-employees</b>	<b>128.67</b>	<b>32.40</b>

**b) Disclosure in terms of Revised Accounting standard 7 (Construction Contracts)**

	OCT 07/MAR 09	APR 06/SEPT 07
I. Contract revenue recognised as revenue in the period	1147.77	0.00
II. For Contracts that are in progress as on 31.03.2009		
a) Contract costs incurred & recognised profits, including work in progress as on 31/03/2009 (Less :- Recognised Losses) upto the reporting date	1153.93	0.00
b) Work in Progress as on 31.03.2009	6.16	0.00
c) Amount due from customers for contract work (other than WIP stated in (b) above)	12.99	0.00
d) Gross amount due to customers for contract work	Nil	Nil

26 Company has extended the current financial year by 6 months upto 31/03/2009 in accordance with the approval received by the Company from the Registrar of Companies, Maharashtra State, Mumbai. Accordingly financial statements for the current financial year have been prepared for a period of 18 months commencing from 01/10/2007 and ending on 31/03/2009.

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

As per our Report attached	R.M. GOCULDAS Chairman	D.P. GOCULDAS Chief Executive Officer	D. N. VAZE Chief Finance Officer	H. T. KAPADIA C.B. NALAWALA Directors
----------------------------	---------------------------	--	-------------------------------------	---

FOR K.S.AIYAR & CO. Chartered Accountants	L.N.GOCULDAS Vice Chairman	B.L. GOCULDAS Chief Executive Officer	D.T GOKHALE Secretary
--	-------------------------------	--	--------------------------

RAGHUVIR M.AIYAR  
Partner  
Membership No.38128

Mumbai, 30th June, 2009

Mumbai. 30th June, 2009



## CASH FLOW STATEMENT

	(Rs. in lacs)	
	For The Year Ended 31.03.2009 (18 months)	For The Year Ended 30.09.2007 (18 months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before Tax	-3,213.26	-3,746.28
Adjustments for :		
Depreciation	1,078.04	1,205.30
Provision for Diminution in value of Investment	344.75	-
Deferred Revenue Exp (amortisation of EVR)	369.26	162.48
Amortisation of Lenders' Sacrifice	80.95	54.83
Dividend Income	-0.63	-1.18
Interest Charged (Net)	712.82	1,426.31
-Profit/Loss on sale of assets (Net)	-10.04	6.11
	<u>2,575.15</u>	<u>2,853.85</u>
Operating Profit Before Working Capital Changes	-638.11	-892.43
Adjustments for :		
Trade Receivables	2,609.20	-103.17
Other Receivables	475.04	0.24
Inventories	1,676.43	1,028.71
Trade Payables	-4,934.75	1,514.93
	<u>-174.08</u>	<u>2,440.71</u>
Cash generated from / used in Operations	-812.19	1,548.28
Taxes Paid & Tax Deducted at Source (Net of Refund Received)	-6.26	-21.09
Net cash generated from / (used in) Operating Activities	<u>-818.45</u>	<u>1,527.19</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	-88.03	-520.13
Sale of Fixed Assets	42.82	21.49
Sale of Investment	0.02	-
Dividend Received	0.63	1.18
Net Cash generated from / (used in) Investing Activities	<u>-44.56</u>	<u>-497.46</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Increase in Borrowings	1,290.01	48.77
Interest Paid	-749.08	-1,405.04
Net Cash generated from / (used in ) Financing Activities	<u>540.93</u>	<u>-1,356.27</u>
<b>D. NET INCREASE/-DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u>-322.08</u>	<u>-326.54</u>
<b>E. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	381.33	707.87
<b>F. CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	59.25	381.33
Cash and cash equivalents include :-		
Cash in hand	1.90	4.50
Balance with banks	57.15	376.83
Remittance in Transit	0.20	-
Total	<u>59.25</u>	<u>381.33</u>

Notes: Figures for previous year are regrouped wherever necessary

As per our Report attached

R.M. GOCULDAS  
Chairman

D.P. GOCULDAS  
Chief Executive Officer

D. N. VAZE  
Chief Finance Officer

H. T. KAPADIA  
C.B. NALAWALA  
Directors

FOR K.S.AIYAR & CO.  
Chartered Accountants

L.N.GOCULDAS  
Vice Chairman

B.L. GOCULDAS  
Chief Executive Officer

D.T GOKHALE  
Secretary

RAGHUVIR M.AIYAR  
Partner  
Membership No.38128

Mumbai, 30th June, 2009

Mumbai, 30th June, 2009



# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

## I REGISTRATION DETAILS:

Registration No.	00564
State Code	11
Balance Sheet Date	31-03-2009

## II CAPITAL RAISED DURING THE YEAR

(Amount in Rs.Thousands)

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement (by way of conversion of loan from a bank)	32154

## III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rs.Thousands)

Total Liabilities	1947318
Total Assets	1947318

### Sources of Funds:

Paid-up Capital	300578
Reserves and surplus	16588
Secured Loans	795551
Unsecured Loans	170958
Current Liabilities	663643

### Application of Funds:

Net Fixed Assets	610840
Investments	50173
Defetted Tax Assets	265415

Current Assets	367197
Misc. Expenditure (not written off)	84511
Accumulated Losses	569182

## IV PERFORMANCE OF THE COMPANY

(Amount in Rs.Thousands)

Turnover (Gross Revenue)	1776688
Total Expenditure (including Excise Duty & VAT)	2098014
Profit/(Loss) Before Taxation	(321326)
Increase in Deferred Tax Asset	50598
Profit/(Loss) After considering Deferred Tax Asset	(270728)
Current Tax Expenses	1804
Profit/(Loss) After Taxation	(272532)
Earning Per Share - Rs.	(13.40)

## V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

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

## Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Company

Name of the subsidiary company	: DMCC OIL TERMINALS (NAVLAKHI) LTD.
The financial year of subsidiary company ended on	: 31st March, 2009
Number of shares in the subsidiary company held by the company at the above date	: 1,15,00,000 Equity Shares of Rs.10/- each
Extent of holding	: 79.33 %
The net aggregate of profit/(losses) of the subsidiary company so far as it concerns the members of the Company	:
(i) dealt with in the accounts of the Company amounted to :	
(a) for subsidiary's extended financial year ended on 31st March, 2009	: Not applicable
(b) for previous financial years of the subsidiary since it became a subsidiary of the Company	: Not applicable
(ii) not dealt with in the accounts of the Company amounted to :	
(a) for subsidiary's extended financial year ended 31st March, 2009	: Not applicable
(b) for previous financial years of the subsidiary since it became a subsidiary of the Company	: Not applicable

R.M. GOCULDAS  
Chairman

D.P. GOCULDAS  
Chief Executive Officer

D. N. VAZE  
Chief Finance Officer

H. T. KAPADIA  
C.B. NALAWALA  
Directors

L.N.GOCULDAS  
Vice Chairman

B.L. GOCULDAS  
Chief Executive Officer

D.T GOKHALE  
Secretary

Mumbai. 30th June, 2009

## DMCC OIL TERMINALS (NAVLAKHI) LIMITED

### Directors

R.M.Goculdas  
H.T.Kapadia  
Laxmikumar Narottam Goculdas  
Amam S. Shah  
J.L.Thakkar

*Chairman*

*Executive Director*

### Auditors

K.S.Aiyar & Co.  
Chartered Accountants

### Bankers

Punjab National Bank

### Registered Office

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

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report together with the audited accounts of the Company for the extended financial year ended 31st March, 2009.

Since the infrastructure project is under implementation, Profit & Loss Account has not been prepared, as this requirement is not applicable. Accordingly, the entire amount of expenditure incurred during the period of implementation of the Project is and will be debited to "Project Pre-operative Expenditure" account and the same will be allocated to the respective fixed assets on completion of the Project.

### PROGRESS OF THE PROJECT

Your Company has incurred a total expenditure of Rs. 1493.59 lacs on the Infrastructure Project upto 31st March, 2009.

The Management is in continuous follow up with Gujarat Maritime Board (GMB) for approval of a detailed project report (DPR) submitted to them. The Management of the Company is also awaiting the approval/compliance of various other authorities.

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### AUDIT COMMITTEE

As the shareholders are aware, the Company had constituted an Audit Committee, comprising of non-executive directors of the Company with Shri. R.M. Goculdas as Chairman, at its meeting held on 30th March, 2001. The executive director and the statutory auditors are permanent invitees at the meetings of the Audit Committee. The minutes of the Audit Committee meeting are noted by the Board of Directors at the subsequent Board Meeting. During the extended financial year ended 31st March, 2009 four Audit Committee meetings were held on 31st December 2007, 11th March, 2008, 27th October, 2008 and 30th January, 2009.

## ELEVENTH ANNUAL REPORT OCTOBER, 2007 TO MARCH, 2009 (18 MONTHS)

The attendance at the Audit Committee meetings were as under :

<b>Name of the Directors</b>	<b>No. of meetings attended</b>
1. Shri. R.M. Goculdas	4
2. Shri. H.T. Kapadia	4
3. Shri. Laxmikumar Narottam Goculdas	2

### **CONSERVATION OF ENERGY**

The list of Industries given in Schedule to the Companies (Disclosure of Particulars, etc.) Rules, 1988 does not cover Infrastructure Project and, therefore, the information under the above heading is not to be given.

### **PARTICULARS OF EMPLOYEES**

There is no employee covered by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### **PUBLIC DEPOSITS**

The company has not accepted any deposit from public.

### **ACKNOWLEDGMENT**

The Directors thank The Dharamsi Morarji Chemical Co., Ltd., Gujarat Credit Corporation Limited, various Departments of the Central Government and Gujarat State Government for their valuable co-operation.

For and on behalf of the Board of Directors,

**R.M. Goculdas**  
Chairman

### **Registered Office**

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

Mumbai, 16th June, 2009.

## AUDITORS' REPORT

To the Members of

DMCC Oil Terminals (Navlakhi) Ltd.,

Report on the Accounts for the eighteen months period ended March 31, 2009 in compliance with section 227(2) of the Companies Act, 1956.

We have audited the attached Balance Sheet as at 31<sup>st</sup> March, 2009 and the Cash Flow Statement for the eighteen months period ('the period') ended on that date annexed thereto. As project is still under implementation, no Profit and Loss Account for the period has been prepared by the Company. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and the Cash Flow Statement dealt with by the report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, no director is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director under section 274(1)(g) of the Companies Act, 1956.
- f) Attention is invited to Note No. 5, regarding grossing up of the Project Pre-Operative Expenditure aggregating to Rs.34.08 Lacs paid in earlier years by Gujarat Credit Corporation Limited and now credited to their account which hitherto was reduced from the Project Pre-Operative Expenditure.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009
  - ii) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

For K. S. Aiyar & Co.  
Chartered Accountants

Raghuvir M. Aiyar  
Partner  
M.No. 38128

Mumbai: 16th June, 2009

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of even date)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the period and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.  
(c) Fixed assets disposed off during the period were not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
- (ii) The Company does not carry any inventories hence the requirements of sub-clauses (a), (b) and (c) are not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) are not applicable.  
(b) During the period, the company has not taken any loan, secured or unsecured from a party covered in the register maintained under section 301 of the Companies Act, 1956, the total loan outstanding as at the March 31, 2009 is Rs. 24 lacs.  
(c) The rate of interest and other terms and conditions of this loan are not prima facie prejudicial to the interest of the company.  
(d) The repayment of principal and interest are as per the terms and conditions of the loan.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) This sub-section is not applicable since the value of contracts or arrangements in respect of each such party does not exceed five lakh rupees.
- (vi) In our opinion, according to the explanation and information given to us, the Company has not accepted any deposits from the public, hence the requirements of this clause is not applicable.
- (vii) No internal audit was conducted during the period.
- (viii) According to the information and explanations given to us, The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and according to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues wherever applicable, have been generally regularly deposited during the period with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above, were in arrears, as at March 31, 2009 for a period of more than six months from the date on which they became payable.  
(b) According to the records of the Company and on the basis of information and explanations given to us, there are no dues of Sales Tax, Income-Tax, Customs Duty, Wealth-Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute.
- (x) The company has accumulated losses at the end of the financial period, however the same are less than fifty per cent of its net worth. The Company has not incurred cash loss during the financial period covered by our audit but it had incurred cash loss in the immediately preceding financial period.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institution, banks or debenture holders.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order, 2004 are not applicable to the company.
- (xiv) In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (amendment) Order, 2004 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) The Company has not taken any term loans during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that short-term funds of Rs.82.88 Lacs have been utilized for long term applications.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures.
- (xx) During the period the company has not raised any money from public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K. S. Aiyar & Co.  
Chartered Accountants

Raghuvir M. Aiyar  
Partner  
M.No. 38128

Mumbai: 16th June, 2009

**BALANCE SHEET**

AS AT 31ST MARCH, 2009

(Rs. in lacs)

SCHEDULES	AS AT	
	31ST MARCH 2009	30TH SEPTEMBER 2007
<b>SOURCES OF FUNDS</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
2,00,00,000 Equity Shares of Rs. 10/- each (Previous year 2,00,00,000 Equity Shares)	2000.00	2000.00
<b>ISSUED AND SUBSCRIBED :</b>		
1,44,96,087 Equity Shares of Rs. 10/- each (Previous year 1,44,96,087 Equity Shares) [Out of above, 1,15,00,000 Equity Shares are held by The Dharamsi Morarji Chemical Co. Ltd. (Previous year 1,15,00,000 Equity Shares)]	1449.61	1449.61
<b>UNSECURED LOAN</b>	26.59	26.59
<b>A</b>	<u>1476.20</u>	<u>1476.20</u>
<b>APPLICATION OF FUNDS</b>		
<b>FIXED ASSETS</b>		
Project Pre-Operative Expenditure	1493.59	1432.81
Other Fixed Assets		
Gross Block	26.63	31.43
Less : Depreciation	-	4.25
Net Block	<u>26.63</u>	<u>27.18</u>
<b>C</b>	<u>1520.22</u>	<u>1459.99</u>
<b>NET CURRENT ASSETS</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets :</b>		
Balance with Schedule Banks in Current Account	1.70	0.70
<b>Loans &amp; Advances :</b>		
Advance against Land/given to holding Company	45.34	45.34
Advance Payment of tax (Net of tax provision Rs.1.13 Lacs (Previous Year Rs.1.13 lacs)	0.01	0.01
Other Advances & Deposits	-	2.87
	<u>47.05</u>	<u>48.92</u>
<b>Less : Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities :</b>		
(a) DMCC Ltd.	40.93	26.39
(b) Other liabilities	<u>62.41</u>	<u>18.59</u>
	(56.29)	3.94
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	6.16	6.16
Share Issue Expenses	<u>5.50</u>	<u>5.50</u>
	11.66	11.66
<b>PROFIT &amp; LOSS ACCOUNT</b>		
	0.61	0.61
	<u>1476.20</u>	<u>1476.20</u>

As per our Report attached

For **K.S. AIYAR & CO.**  
Chartered Accountants**Raghuvir M. Aiyar**  
Partner  
Membership No. 38128  
Mumbai, 16th June, 2009**R. M. GOCULDAS**      **H.T. KAPADIA**      **AMAM S. SHAH**  
Chairman                      Director                      Director

Mumbai, 16th June, 2009

# PROFIT AND LOSS ACCOUNT

FOR THE 18 MONTHS ENDED 31 ST MARCH, 2009

(Rs. in lacs)

	October 2007 To March 2009 (18 Months)	April 06 To September 2007 (18 Months)
<b>INCOME</b>		
Consultancy Services	-	-
<b>EXPENDITURE</b>		
Salaries and Professional Fees	-	-
Travelling Expenses	-	-
Profit/(Loss) on Sale of Fixed Assets	-	(0.59)
	<u>0.00</u>	<u>(0.59)</u>
Profit/(Loss) before Taxation	<u>0.00</u>	<u>(0.59)</u>
Balance brought forward	<u>(0.61)</u>	<u>(0.02)</u>
Profit/(Loss) after tax carried forward to Balance Sheet	<u><u>(0.61)</u></u>	<u><u>(0.61)</u></u>

As per our Report attached

For **K.S. AIYAR & CO.**  
Chartered Accountants

**Raghuvir M. Aiyar**  
Partner

Membership No. 38128

Mumbai, 16th June, 2009

**R. M. GOCULDAS**  
Chairman

**H.T. KAPADIA**  
Director

**AMAM S. SHAH**  
Director

Mumbai, 16th June, 2009

## Schedules to Balance Sheet

(Rs. in Lacs)

31st March 2009 30th September 2007

### Schedule A

#### UNSECURED LOAN

Loan from Director

Interest accrued and due [Includes due to Director Rs.2.59 lacs (Previous year Rs.2.59 lacs)]

	31st March 2009	30th September 2007
	24.00	24.00
	2.59	2.59
	<u>26.59</u>	<u>26.59</u>

### Schedule B

#### PROJECT PRE-OPERATIVE EXPENDITURE

a) Amount Brought Forward

Add : Expenditure Incurred for the Project - paid & borne by Gujarat Credit Corporation Ltd.(GCCL) during April 2005 to September 2007 (Note 5)

**Sub - Total (a)**

b) Add : Incurred during the year Oct 2007 to Mar 2009

Fees Paid to Consultants

Printing, Postage, Stationery and Telephones

Travelling and Conveyance

Bank Guarantee charges

Miscellaneous Expenses

Office Rent

Depreciation on Fixed Assets

**Sub - Total (b)**

c) Less : Expenditure borne by Gujarat Credit Corporation Ltd. during the year (Note No. 5)

Amount carried forward (a+b-c)

	31st March 2009	30th September 2007
	1432.81	1432.50
	34.08	-
	<u>1466.89</u>	<u>1432.50</u>
	18.74	17.32
	-	-
	7.60	-
	-	0.44
	0.36	-
	-	0.31
	<u>26.70</u>	<u>18.07</u>
	-	17.76
	<u>1493.59</u>	<u>1432.81</u>

### FIXED ASSETS - SCHEDULE "C" FOR OCTOBER 2007 TO MARCH 2009

(Rs. in lacs)

Name of the Asset	Gross Block on 01-10-2007 Rs.	Additions During Oct 07 to Mar 09 Rs.	Deletions During Oct 07 to Mar 09 Rs.	Gross Block on 31-3-2009 Rs.	Total Depreciation Upto 30-09-2007 Rs.	Depreciation during Oct 07 to Mar 09 Rs.	Depreciation on Deletion during Oct 07 To Mar 09 Rs.	Total Depreciation Upto 31.03-2009 Rs.	Net Block on 31.03.2009 Rs.	Net Block on 30.09.2007 Rs.
Land	26.63	-	-	26.63	0.00	-	-	-	26.63	26.63
Computers	3.11	-	3.11	-	3.06	-	3.06	-	-	0.05
Furniture & Fixture	0.59	-	0.59	-	0.46	-	0.46	-	-	0.13
Office Equipment	1.10	-	1.10	-	0.73	-	0.73	-	-	0.37
<b>Total</b>	<b>31.43</b>	<b>-</b>	<b>4.80</b>	<b>26.63</b>	<b>4.25</b>	<b>-</b>	<b>4.25</b>	<b>-</b>	<b>26.63</b>	<b>27.18</b>
Previous Year	37.19	-	5.76	31.43	8.82	0.31	4.88	4.25	27.18	



# DMCC OIL TERMINALS (NAVLAKHI) LTD.

## NOTES TO ACCOUNTS for the period October 2007 to March 2009

1. Significant Accounting Policies
  - (a) Basis of Accounting  
The Company follows the accrual basis of accounting
  - (b) Treatment of Expenditure during the period of implementation of Project :  
The expenditure incurred during the period of implementation of project is debited to Project pre-operative expenditure and it will be allocated to the respective fixed assets on completion of the project.
  - (c) Fixed assets are stated at cost inclusive of incidental acquisition expenses.
  - (d) Depreciation of assets have been provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956.
2. The Audit fees for the current Financial Year amounting to Rs. 0.11 lac is borne by DMCC.(previous year Rs.0.11 lac)
3. The requisite approvals/permission for undertaking the project are in the name of The Dharamsi Morarji Chemical Co.Ltd. The transfer of these approvals/permissions in the name of the Company will be made in due course.
4. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance sheet date. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprise during the period of 18 months ended on the Balance Sheet date, nor is any interest payable to any Micro, Small & 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.
5. Due to significant delay in achieving financial closure of the project, two major shareholders of the Company viz. The Dharamsi Morarji Chemical Co.Ltd., (DMCC) and Mr L.N.Goculdas, have entered into MOU dated 9th June 2005 as amended by MOU dated 24th November 2005, for sale of their respective shareholding(s) to Gujarat Credit Corporation Limited (GCCL), Ahmedabad (since sold).  
Accordingly, as desired by GCCL, the expenditure incurred for the Project and borne by GCCL during April 2005 to September 2007 (aggregating to Rs. 34.08 lacs) has now been added back to the "Project Pre-Operative Expenditure", giving corresponding credit to GCCL.
6. Since the project is under implementation, no Profit & Loss account concerning project activities has been prepared and therefore, the additional information as required under paragraphs 3, 4 C and 4 D of Part II of Schedule VI to the Companies Act, 1956 is not furnished since these requirements are not applicable.  
No provision for Income tax (current tax) is made for the current Financial Year as well as the previous year since there is no taxable income in both years.  
The Company had prepared a Profit & Loss account for the previous Financial Year ended 30th Sept., 2007, since there was a loss on sale of fixed assets. It not being related to the Oil Terminal project, the loss therefrom had not been debited to Project pre-operative expenses. Accordingly, the loss had been charged off to the Profit & Loss Account.

### 7. Related parties disclosures

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

Name of the Related Parties	Nature of Relationship
(i) Shri R.M.Goculdas	Promoter and Chairman

#### (B) Holding/Subsidiary/Associate/Other Related Companies

Name of the Related Parties	Nature of Relationship
(i) The Dharamsi Morarji Chemical Co.Ltd.	Holding Company
(ii) Borax Morarji Ltd.	Other Related Company
(iii) The Natural Gas Co.Pvt.Ltd.	Other Related Company
(iv) L.P.Gas Equipment Pvt.Ltd.	Other Related Company
(v) Phoenix Distributors Pvt.Ltd.	Other Related Company
(vi) Jasraj Trading Co.	Other Related Company
(vii) Kosan Industries Pvt.Ltd.	Other Related Company
(viii) Bombay Foods Pvt.Ltd.	Other Related Company

#### (C) Key Management Personnel (Whole Time Director)

Name of the Related Parties	Nature of Relationship
(i) Shri J.L.Thakkar	Executive Director

#### (D) Transactions relating to Holding Company / Key Management Personnel

	Rs.in Lacs	Rs.in Lacs
	Holding Company	Key management Personnel
(i) Outstanding balances included in Current Assets	45.34 (45.34)	-
(ii) Outstanding balances included in Current Liabilities	40.93 (26.39)	-
(iii) Unsecured Loans includes Loan from Directors	-	26.59 (26.59)

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

Figures in brackets pertain to Previous Year

8. Segment Reporting :  
The Company has not yet commenced operations and hence no segmental information is required.
9. Company has extended the current Financial Year by 6 months upto 31st March 2009 in accordance with the approval received by the Company from the Registrar of Companies, Maharashtra State, Mumbai.  
Accordingly, financial statements for the current Financial Year have been prepared for a period of 18 months commencing from 1st October 2007 and ending on 31st March 2009.
10. Figures for Previous Year have been regrouped, wherever necessary.

As per our Report attached  
For K.S. AIYAR & CO.  
Chartered Accountants

R. M. GOCULDAS  
Chairman

H.T. KAPADIA  
Director

Raghuvir M. Aiyar  
Partner  
Membership No. 38128

AMAM S. SHAH  
Director

Mumbai, 16th June, 2009

Mumbai, 16th June, 2009

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

### I. REGISTRATION DETAILS :

Registration No.	105710
State Code	11
Balance Sheet Date	31-03-2009

### II. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousands)

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

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

(Amount in Rs. Thousands)

Total Liabilities	157954
Total Assets	157954

#### Sources of Funds :

Paid-up Capital	144961
Reserves & Surplus	Nil
Secured Loans	Nil
Unsecured Loans	2659
Current Liabilities	10334

#### Application of Funds:

Net Fixed Assets	152022
Investments	Nil
Current Assets	4705
Misc. Expenditure	1166
Accumulated Losses	61

### IV. PERFORMANCE OF THE COMPANY

Not applicable as project is still under implementation.

### V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY

Not applicable as project is still under implementation.

**CASH FLOW STATEMENT**

	(Rs. in lacs)	
	FOR THE PERIOD ENDED 31/03/2009 (18 MONTHS)	FOR THE PERIOD ENDED 30/09/2007 (18 MONTHS)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before Tax</b>	0.00	(0.59)
Adjustments for :		
(Profit)/Loss on sale of assets (Net)	0.00	0.59
	<u>0.00</u>	<u>0.59</u>
Operating Profit Before Working Capital Changes	0.00	0.00
Adjustments for :		
Other Payables / Liabilities	27.70	16.28
Net Cash Generated from Operating Activities	<u>27.70</u>	<u>16.28</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Pre-operative expenses	(26.70)	(17.76)
Sale of Fixed Assets	0.00	0.28
Net Cash used in Investing Activities	<u>(26.70)</u>	<u>(17.48)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Amount received from The Dharamsi Morarji Chemical Co. Ltd. for expenses	0.00	1.70
Net Cash generated from Financing Activities	<u>0.00</u>	<u>1.70</u>
<b>D. NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	1.00	0.50
<b>E. CASH AND CASH EQUIVALENTS - OPENING BALANCE</b>	0.70	0.20
<b>F. CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	1.70	0.70
Notes : Cash and cash equivalents include :-		
Cash in hand	0.00	0.00
Balance with banks	1.70	0.70
	<u>1.70</u>	<u>0.70</u>

Note : Figures for previous year are regrouped, wherever necessary

As per our Report attached

For **K.S. AIYAR & CO.**  
Chartered Accountants

**Raghuvir M. Aiyar**  
Partner  
Membership No. 38128  
Mumbai, 16th June, 2009

**R. M. GOCULDAS**      **H.T. KAPADIA**      **AMAM S. SHAH**  
Chairman                      Director                      Director

Mumbai, 16th June, 2009

## The Last Ten Years - DMCC LTD.

(Rs.in lacs)

Particulars	Oct. 07- Mar. 09	Apr.06- Sep.07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-2000	1998-99
Equity Share Capital	** 2125.78	*2,084.24	2,029.03	2,029.03	2,029.03	2,029.03	2029.03+	1,352.69	1352.69@	1,252.10
Preference Share Capital	*** 880.00	600.00	600.00	600.00	600.00	1,000.00	1,000.00	1,000.00	1,000.00	-
Reserves & Surplus	165.88	127.42	67.07	67.07	1,452.32	3,847.12	3,955.83	6,081.53	6,138.04	5,812.74
Sales #	17677.35	28,125.53	18,415.98	16,698.20	19,210.15	23,994.71	21,034.24	26,160.99	27,727.63	26,362.97
Profit/(Loss) before Depreciation/ Amortisation and Taxation	(2054.27)	(2,486.15)	(23.38)	(512.43)	(726.60)	921.45	(224.41)	975.54	1,376.83	1,288.37
Depreciation	1078.04	1,205.30	764.51	@ @441.97	872.23	874.75	623.24	785.53	738.11	607.09
Amortisation of Lenders' Sacrifice	80.95	54.83	28.89	-	-	-	-	-	-	-
Profit/(Loss) before Exceptional item & Taxation	(3213.26)	(3,746.28)	(816.78)	(954.40)	(1,598.83)	46.70	(847.65)	190.01	638.72	681.28
Exceptional item - waiver of dues by bank	-	139.31	-	-	-	-	-	-	-	-
Profit/(Loss) after Exceptional item & before Taxation	(3213.26)	(3,606.97)	(816.78)	(954.40)	(1,598.83)	46.70	(847.65)	190.01	638.72	681.28
(Increase)/Decrease in Deferred Tax Liability	-	-	-	43.97	1,025.66	(0.13)	1,024.45	-	-	-
Deferred Tax Asset	505.98	2,148.17	-	-	-	-	-	-	-	-
Profit/(Loss) after exceptional item & after considering Deferred Tax Asset/ Liability	(2707.28)	(1458.80)	(816.78)	(910.43)	(573.17)	46.57	176.80	190.01	638.72	681.28
Provision for Current Year's Taxation	18.04	25.05	20.70	0.50	1.00	5.68	2.00	31.00	78.00	75.00
Profit/(Loss) after Taxation	(2725.32)	(1,483.85)	(837.48)	(910.93)	(574.17)	40.89	174.80	159.01	560.72	606.28
Surplus brought forward From Previous Year	(2966.50)	(1,482.65)	(645.17)	24.06	112.40	186.51	593.98	799.99	442.61	463.39
Transferred from Investment Allowance Reserve	-	-	-	-	-	-	53.46	54.50	58.61	45.58
Debenture Redemption Reserve	-	-	-	-	-	-	-	204.00	483.22	-
Preference Shares Redemption Reserve	-	-	-	-	-	-	666.00	-	-	-
General Reserve	-	-	-	241.70	500.00	-	-	-	-	-
Available for appropriation	-	-	-	-	38.23	227.40	1,488.24	1,217.50	1,545.16	1,115.25
Equity Dividend	-	-	-	-	-	-	-	67.63	202.90	313.03
Employees' Remuneration and Benefits	1744.88	2,312.84	1,320.96	1,369.77	1,550.19	1,619.48	1,543.44	1,945.89	2,091.26	2,106.80
Equity Dividend %	-	-	-	-	-	-	-	5.00	15.00	25.00

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

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

\*\*\* Preference Share Capital increased by Rs. 280.00 lacs on account of 2,80,000, 2.5% Redeemable Cumulative Non-Convertible Preference of Rs. 100/- each, issued to a secured lender.

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

@ Equity Share Capital increased by Rs. 100.59 lacs on account of amalgamation of Udaipur Phosphates & Fertilisers Ltd. with the Company, w.e.f. 01-04-1999.

# Sales for the years 2000-2001 to Oct 07 - March 09 are including excise duty, sales tax and outward freight on sale of Fertilisers and Chemicals and sales for the years 1998-1999 to 1999-2000 are excluding excise duty, sales tax and outward freight on sale of Chemicals.

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



# THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

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

## PROXY FORM

DP Id*	
Client Id*	

Reg. Folio No.#	
No. of Shares held:	

I/We .....

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

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

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

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

to vote for me / us on my / our behalf at the 88th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 9th day of September, 2009 at 11.30 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2009

Signature of member .....

Affix a  
Re. 1/-  
Revenue  
stamp

\* Applicable for investors holding shares in electronic form

# Applicable for investors holding shares in physical form

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

CUT HERE

# THE DHARAMSI MORARJI CHEMICAL COMPANY LTD.

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

## ATTENDANCE SLIP

DP Id*	
Client Id*	

Reg. Folio No.#	
No. of Shares held:	

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

I hereby record my presence at the 88th ANNUAL GENERAL MEETING held at the Indian Merchants' Chamber Conference Hall (Walchand Hirachand Hall), IMC Marg, Churchgate, Mumbai 400 020, on Wednesday, the 9th day of September, 2009 at 11.30 a.m.

NAME OF THE SHAREHOLDER (IN BLOCK LETTERS) .....

SIGNATURE OF THE SHAREHOLDER OR PROXY .....

\* Applicable for investors holding shares in electronic form

# Applicable for investors holding shares in physical form

**BOOK-POST**  
**(Under Certificate of Posting)**

*If not delivered, please return to:*

**THE DHARAMSI MORARJI CHEMICAL CO. LTD.**

**Registered Office:**

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