

K. S. AIYAR & CO
CHARTERED ACCOUNTANTS

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**The Board of Directors
The Dharamsi Morarji Chemical Co. Ltd.
Prospect Chambers,
317/21, Dr. D.N. Road
Mumbai 400 001.**

Dear Sirs,

**Re: Limited Review of the Unaudited Financial Results for the Quarter
ended June 30, 2011.**

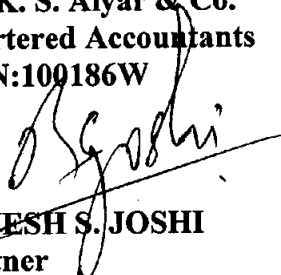
1. We have reviewed the accompanying statement of unaudited financial results of The Dharamsi Morarji Chemical Co. Ltd ("The Company") for the quarter ended on June 30th, 2011 except for the disclosures regarding public shareholding and Promoter and Promoter Group shareholding which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's management and has been approved by the Board of Directors on 25th July, 2011.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. *The Company had recognized net deferred tax asset in earlier years aggregating to Rs.2654.15 Lacs till 31st March, 2009 considering unabsorbed loss up to 31st March, 2008 and unabsorbed depreciation up to 31st March, 2009. For the subsequent financial period, further net deferred tax asset has not been recognized in view of management's perceptions and reason detailed in Note No.6 annexed to the unaudited financial results. We are not in a position to opine on the net deferred tax asset recognized till date as regards its ultimate realization since the virtual certainty of the available sufficient future taxable income, as required by Accounting Standard*

22 i.e. 'Accounting for taxes on income' notified pursuant to Companies (Accounting Standards) Rules, 2006, could not be substantiated.

4. We draw your attention to Note No.7 annexed to the unaudited financial results regarding preparation of accounts on a 'Going Concern' basis despite continued accumulated losses and erosion of total net worth of the Company in view of the management's perceptions and reasons detailed therein.

Based on our review as aforesaid, subject to the effects of paragraph 3 above, nothing has come to our notice that causes us to believe that the accompanying statement of unaudited financial results referred to in paragraph 1 and notes thereon prepared in accordance with accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed or that it contains any material misstatement.

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


RAJESH S. JOSHI
Partner
Membership No. 38526

Mumbai: 25th July, 2011.

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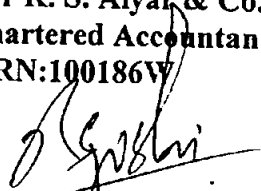
K. S. AIYAR & CO
CHARTERED ACCOUNTANTS

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


RAJESH S. JOSHI
Partner
Membership No. 38526


Mumbai: 25th July, 2011.

PARTICULARS	Quarter ended		Nine months ended
	30.06.2011	30.06.2010	31.03.2011
	(REVIEWED)	(REVIEWED)	(AUDITED)
1. GROSS SALES (NOTE 1)	2,355.79	2,355.71	4,743.72
LESS : A) EXCISE DUTY	143.37	155.33	288.34
B) VALUE ADDED TAX / SALES TAX	84.12	77.83	159.58
NET SALES	2,128.30	2,122.55	4,295.80
2 OTHER OPERATING INCOME	36.32	0.93	49.53
3 TOTAL INCOME (1+2)	2,164.62	2,123.48	4,345.33
4 TOTAL EXPENDITURE			
a. (INCREASE)/DECREASE IN STOCK IN TRADE	63.90	39.89	190.67
b. CONSUMPTION OF RAW MATERIALS & BOUGHT OUTS	1,295.78	1,476.69	2,564.89
c. PURCHASE OF TRADED GOODS	24.39	-	129.51
d. POWER & FUELS	123.70	31.08	324.59
e. REPAIRS TO PLANT & MACHINERY AND BUILDINGS	74.12	49.51	303.44
f. EMPLOYEES COST	157.19	303.33	448.42
g. COMPENSATION AS PER VOLUNTARY SEPERATION SCHEME (Note 2)	-	707.01	-
h. DEPRECIATION	124.39	147.31	415.73
i. AMORTISATION OF LENDERS' SACRIFICE (NOTE 3)	-	6.45	70.97
j. OTHER EXPENDITURE	218.22	539.66	505.60
TOTAL EXPENDITURE (4 a to 4 j)	2,081.69	2,331.93	4,572.45
5 PROFIT/(LOSS) FROM OPERATIONS BEFORE OTHER NON-OPERATING INCOME & INTEREST (3-4)	82.93	108.45	327.15
6 OTHER NON OPERATING INCOME	-	-	-
7 PROFIT/(LOSS) BEFORE INTEREST (5+6)	82.93	108.45	327.15
8 INTEREST	59.85	49.61	152.35
9 PROFIT/(LOSS) AFTER INTEREST, BUT BEFORE TAX (7-8)	23.08	58.06	479.51
10 CURRENT TAX EXPENSE - WEALTH TAX	-	-	0.02
11 NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER TAX (9-10)	23.08	58.06	479.53
12 EXTRAORDINARY ITEMS (NET OF TAX EXPENSES)	-	-	-
13 NET PROFIT / (LOSS) FOR THE PERIOD (11+/-12)	23.08	58.06	479.53
14 PAID-UP SHARE CAPITAL			
EQUITY - (RS.10/- EACH FULLY PAID UP)	2125.78	2125.78	2125.78
PREFERENCE - (RS.100/- EACH FULLY PAID UP)	880.00	880.00	880.00
15 RESERVES Rs.165.88 LACS, EXCLUDING REVALUATION RESERVES (AFTER ADJUSTING CARRIED FORWARD LOSS OF RS. 8877.89 LACS)			
16 BASIC AND DILUTED EARNINGS PER EQUITY SHARE (EPS) (NOT ANNUALISED) (NOTE 4)			
a) BEFORE EXTRAORDINARY ITEMS	0.03	5.52	(2.45)
b) AFTER EXTRAORDINARY ITEMS	0.03	5.52	(2.45)
17 PUBLIC EQUITY SHAREHOLDING			
- NUMBER OF SHARES	10245997	10245997	10245997
- PERCENTAGE OF SHAREHOLDING	48.20%	48.20%	48.20%
18 PROMOTERS AND PROMOTER GROUP SHARE HOLDING			
a) PLEDGED / ENCUMBERED			
NO. OF SHARES	9810253	9810253	9810253
PERCENTAGE OF SHARES (AS % OF THE TOTAL SHARES)	89.09%	89.09%	89.09%
HOLDING OF PROMOTERS AND PROMOTER GROUP)			
PERCENTAGE OF SHARES (AS % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)	46.15%	46.15%	46.15%
b) NON-ENCUMBERED			
NO. OF SHARES	1201571	1201571	1201571
PERCENTAGE OF SHARES (AS % OF THE TOTAL SHARES)	10.91%	10.91%	10.91%
HOLDING OF PROMOTERS AND PROMOTER GROUP)			
PERCENTAGE OF SHARES (AS % OF THE TOTAL SHARE CAPITAL OF THE COMPANY)	5.65%	5.65%	5.65%

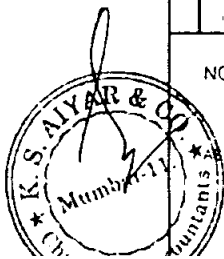
NOTES FORMING PART OF THE ABOVE RESULTS ARE ANNEXED

AS PER OUR REVIEW REPORT OF EVEN DATE ATTACHED

For The Dharamsi Morarji Chemical Co.Ltd.



B. L. Goculdas
Chief Executive Officer



The Dharamsi Morarji Chemical Co. Ltd.
Segment-wise Revenue, Results and Capital employed

(Rs. in lacs)

Sr. No.	Particulars	Quarter ended		Nine months ended
		30.06.2011 (REVIEWED)	30.06.2010 (REVIEWED)	31.03.2011 (AUDITED)
1.	Segment Revenue (Net Sales)			
	a) Fertilisers (including processing charges)	56.58	-	154.29
	b) Chemicals	2,071.72	1,822.55	4,129.39
	c) Others	-	-	12.12
	Total	2,128.30	1,822.55	4,295.80
2.	Segment Results (Note 5)			
	Profit/(Loss) before Interest, Lenders' Sacrifice Amortisation & Taxation			
	a) Fertilisers	(2.59)	(181.10)	(38.04)
	b) Chemicals	172.87	(119.46)	93.57
	c) Depreciation of Ambernath factory	(70.15)	(79.99)	(228.49)
	d) Compensation as per Voluntary Separation Scheme	-	(707.01)	-
	e) Others / Unallocated Expenditure	(17.20)	(14.44)	(83.22)
	Total	82.93	(1,102.00)	(256.18)
	Less : Interest	59.85	49.61	152.36
	Less : Lenders' Sacrifice Amortisation		6.45	70.97
	Profit/ (Loss) before Tax	23.08	(1,158.06)	(479.51)
	Current Tax Expense - Wealth Tax	-	-	0.02
	Net Profit/(Loss) for the period	23.08	(1,158.06)	(479.53)
3.	Capital Employed (Segment Assets - Segment Liabilities) (Note 5)			
	a) Fertilisers	64.67	83.59	41.56
	b) Chemicals	508.89	676.59	435.45
	c) Others/Unallocated	593.67	499.42	595.68
	Total	1,167.23	1,259.60	1,072.69

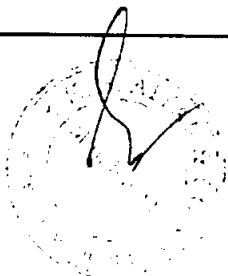
For The Dharamsi Morarji Chemical Co.Ltd.



B. L. Goculdas

Chief Executive Officer

MUMBAI, 25TH JULY, 2011




Notes:

1. Gross Sales include turnkey project sales, processing charges, Excise Duty, VAT/Sales-tax, freight on sale of finished goods and subsidy receivable/received from the Central Government on sale of Single Super Phosphate (SSP), wherever applicable.
2. The Company signed a Memorandum of Agreement dated 30th June 2010 with the Company's recognised Union at Ambernath, under which a Voluntary Separation Scheme was introduced for the workmen at Ambernath (including workmen of Head Office). Accordingly all workmen at Ambernath (including workmen of Head Office) applied for Voluntary Separation from the services of the Company. The "Separation Compensation" (aggregating to Rs. 707.01 Lacs) payable to all these workmen was provided in the books of account for the extended Financial Year ended 30th June 2010 and the same has since been paid to these workmen in August, 2010, along with their all other legal dues.
3. The cost to the Company arising out of the conversion of Lenders' Sacrifice (by way of the reduction in the interest rates) was being amortized equally over for the period of repayment of term loans to the Lenders' up to 31st December 2010. In view of the completion of the negotiated settlements with the Lenders' during the quarter ended 31st March, 2011, the remaining unamortized amount of Lenders' Sacrifice amounting to Rs. 58.07 lacs as on 31.12.2010 has been amortized during the quarter ended 31st March, 2011.
4. The Earning per Equity Share (EPS) indicated in the Financial Results is calculated after considering the applicable dividend in respect of the Cumulative Non-Convertible Redeemable Preference Shares (including the applicable Corporate Dividend Tax thereon), in accordance with the Accounting Standard on Earning Per Share (AS-20).
5. The Company has obtained the requisite approval of the shareholders of the Company under section 293(1)(a) of the Companies Act, 1956 for sale/transfer/disposal of its land, factory buildings and plant and machinery at its Ambernath factory. Therefore, while reporting "Segment Results", depreciation of Ambernath factory has been shown separately and remaining loss of Ambernath factory has been included in "Others / Unallocated Expenditure". Also, Fixed Assets, Current Assets and Current Liabilities relating to the Ambernath factory of the Company have been excluded for Segment-wise reporting of "Capital Employed".
6. As regards the Auditors' observation in their report on the Audited Accounts of the Company for the Financial Year ended 31st March 2011 regarding recognition of "Deferred Tax Asset" amounting to Rs.2654.15 Lacs, the Company, based on the proposed association with a " Strategic Investor" , is confident that this proposed association will result in significant additional revenue and profits.

As regards the Auditors' observation regarding crediting of " Waived Dues " aggregating to Rs. 3362.76 lacs (representing only the principal amount of borrowings) to the " Capital Reserve " of the Company, this amount has been credited to the " Capital



Reserve " since these " Waived Dues " are of the capital nature. Further, this treatment of crediting the " Waived Dues " to the " Capital Reserve " (instead of crediting the same to the Profit and Loss Account) is in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

7. The Company has prepared the above Financial Results for the quarter ended 30.06.2011 on a "Going Concern Basis" since the Company is confident that its profitability will improve in future in view of the following :
 - a) A new activity of trading (in various fertilizers and other agri inputs) which the Company will commence in association with a "Strategic Investor", after completing sale of fixed assets of the Company at its Ambernath factory, and
 - b) Continued efforts by the Company for improving efficiency, restructuring / rationalisation of operations and optimization of costs.
8. No investor complaint was pending at the beginning of the quarter ended 30.06.2011. No investor complaint was received during the quarter ended 30.06.2011.
9. Previous quarter's / year's figures have been re-grouped, wherever necessary.
- 10 The above Unaudited Financial Results were reviewed by the Audit Committee & have been approved by the Board of Directors of the Company at its meeting held on 25th July, 2011.



DBE