



DIC INDIA LIMITED

Annual Report 2008

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BOARD OF DIRECTORS



Dr P K Dutt
Chairman & Chief Executive Officer



A D Chatterjee
Wholetime Director



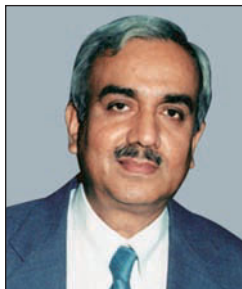
S Bhaumik
Wholetime Director



M Miyasaka



D Banerjee



S Bose



B Choudhuri



Prof R Das



P L Agarwal



P Koek

Corporate Information

as on 31st December, 2008

Board of Directors

Dr Prabir Kumar Dutt* – *Chairman & Chief Executive Officer*

* Arun Das Chatterjee	* Samir Bhaumik	Mitsunobu Miyasaka
Dipak Banerjee	Subir Bose	Biswajit Choudhuri
Prof Ranjan Das	Purushottam Lal Agarwal	Paul Koek

* Wholetime Director

Timir Baran Chatterjee – *Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary*

Board Committees

Audit Committee

Dipak Banerjee – *Chairman*
Subir Bose
Biswajit Choudhuri
Paul Koek

Shareholders'/Investors' Grievance Committee

Prof Ranjan Das – *Chairman*
Dr Prabir Kumar Dutt
Paul Koek

Remuneration Committee

Dipak Banerjee – *Chairman*
Mitsunobu Miyasaka
Paul Koek

Auditors

Lovelock & Lewes

Bankers

Bank of Baroda
Standard Chartered Bank
State Bank of India
The Hongkong & Shanghai Banking Corporation Limited

Registered Office

Transport Depot Road
Kolkata 700 088

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2008 Dec-31	2007 Dec-31	2006 Dec-31	2005 Dec-31	2004 Dec-31	2003 Dec-31	2002 Dec-31	2001 Dec-31	2000 Dec-31	1999 Dec-31
Sales (Net)	4719	4039	3395	2786	2445	2162	2000	1854	1844	1642
Profit before Tax	231	167	145	147	114	95	118	122	129	141
Tax	80	58	45	46	39	19	33	26	39	40
Profit after Tax	151	109	100	101	75	76	85	96	90	101
Dividend	38 *	38 *	28 *	28 *	28 *	27 *	27 *	30 *	32 *	31 *
Retained Profit	113	71	72	73	47	49	58	66	58	70
Earnings per Share (Rs.)										
- Basic	16.56	15.86	14.51	14.72	10.92	10.98	12.29	13.97	13.08	14.67
- Diluted	16.56	15.69	—	—	—	—	—	—	—	—
Dividend per Share (%)	35 @	35	35	35	35	35	35	40	42	40
Net Worth per										
Equity Share (Rs.)	196.47	170.50	157.54	147.12	136.4	129.47	122.43	113.68 ***	138.97 **	130.51 **
PBT to Sales (%)	4.90	4.14	4.27	5.28	4.66	4.39	5.90	6.60	7.00	8.59
PAT on Shareholders										
Funds (%)	8.37	9.30	9.22	9.97	8.00	8.52	10.03	12.27	9.41	11.24
Debt Equity Ratio	0.28:1	0.12:1	0.64:1	0.44:1	0.40:1	0.48:1	0.48:1	0.46:1	0.45:1	0.40:1
Sources of Funds										
Share Capital	92	69	69	69	69	69	69	69	69	69
Share Application	—	516	—	—	—	—	—	—	—	—
Reserves & Surplus	1711	1105	1016	944	870	823	774	714	888	830
Borrowings	497	209	693	444	379	425	408	359	433	365
	2300	1899	1778	1457	1318	1317	1251	1142	1390	1264
Application of Funds										
Net Fixed Assets	745	682	535	451	403	380	347	308	318	311
Investments	108	108	108	108	108	108	108	108	299	300
Net Current Assets	1447	1109	1135	898	807	826	790	719	771	650
Misc. Expenses	—	—	—	—	—	3	6	7	2	3
	2300	1899	1178	1457	1318	1317	1251	1142	1390	1264

Notes:

* Includes Tax on Dividend

** After considering Capital Reserve

*** After considering adjustment of Capital Reserve against value of investments in DCIL

@ Proposed

Report on Corporate Governance

The Directors present the Company's Report on Corporate Governance.

I. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximise stakeholders' value by attracting financial and human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavor of the Company to improve its focus on Corporate Governance by increasing accountability and transparency to its shareholders, bankers and customers.

2. Board of Directors

A) Composition as on 31st December, 2008

The Board of Directors of the Company consisted of 10 members, comprising:

- Three Executive Directors in the wholetime employment of the Company.
- Five Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, legal, technology and management.
- Two Non-Executive Directors nominated by and representing the Parent Company.

The Chairman of the Board is an Executive Director.

The composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

B) Other Directorships/Committee Memberships held as on 31st December, 2008

Name of Director	Category	Directorships held in other Companies*		Committee Memberships held in other Companies#	
		As Director	As Chairman	As Member	As Chairman
Dr P K Dutt	Chairman & Chief Executive Officer	1	—	—	1
Mr A D Chatterjee	Executive	—	—	—	—
Mr S Bhaumik	Executive	—	—	—	—
Mr D Banerjee	Non-Executive & Independent	7	1	6	1
Mr S Bose	Non-Executive & Independent	3	—	1	—
Prof R Das	Non-Executive & Independent	1	—	—	—
Mr B Choudhuri	Non-Executive & Independent	9	—	3	2
Mr P L Agarwal	Non-Executive & Independent	7	—	—	1
Mr M Miyasaka	Non-Executive	—	—	—	—
Mr P Koek	Non-Executive	—	—	—	—

* *Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies Act, 1956 and Memberships of Managing Committees of various Chambers/Institutions/Boards.*

Memberships/Chairmanships of Audit Committee and Shareholders' Grievance Committee have been considered.

C) *Particulars of change in directorship during the year*

Name of Director	Category	Date of Appointment/ Cessation	Remarks
Mr R B Putatunda	Non-Executive & Independent	31.07.2008	Resigned.
* Mr P L Agarwal	Non-Executive & Independent	30.10.2008	Appointed.

* Appointment is subject to the approval of the members in the forthcoming Annual General Meeting scheduled to be held on 12th May, 2009.

D) *Board Meetings held during the year*

During the financial year ended 31st December, 2008, six Board Meetings were held on 11th January, 2008, 28th March, 2008, 25th April, 2008, 30th July, 2008, 25th September, 2008 and 30th October, 2008.

E) *Attendance of Directors at Board Meetings and last Annual General Meeting*

Name of Director	Meetings Attended	Attendance at last AGM
Dr P K Dutt	6	Yes
Mr A D Chatterjee	6	Yes
Mr S Bhaumik	5	Yes
Mr D Banerjee	5	Yes
Mr R B Putatunda	4	Yes
Mr M Miyasaka	5	Yes
Mr P Koek	5	Yes
Prof R Das	4	Yes
Mr S Bose	2	Yes
Mr B Choudhuri	6	Yes
Mr P L Agarwal	1	NA

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 61st Annual General Meeting and Explanatory Statement, attached thereto.

3. Audit Committee

A) *Terms of Reference*

The Audit Committee acts as a link between the Management, the Statutory and Internal Auditors and the Board of Directors. The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures. The broad terms of reference of the Audit Committee are to review with the

Management and/or Internal Auditors and/or Statutory Auditors in the following areas:

- i) Overview of the Company's financial reporting process and financial information disclosures;
- ii) Review with the Management, the annual and quarterly financial statements before submission to the Board;
- iii) Review with the Management, the External and Internal Audit Reports and the adequacy of Internal Control Systems;
- iv) Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the Company's policies and applicable laws and regulations;
- v) Recommending the appointment and removal of External Auditors and fixation of audit terms;
- vi) Review of utilization of proceeds raised from Public/Rights Issues.

B) *Composition, name of Members and Chairperson*

Pursuant to the resignation of Mr R B Putatunda, member of the Audit Committee with effect from 31st July, 2008, Mr B Choudhuri and Mr S Bose were appointed as members in the Audit Committee in the Board Meeting of the Company held on 30th July, 2008. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

As on 31st December, 2008, the Audit Committee of the Company comprises four members as per table given hereinbelow:

Name of Member	Category
Mr D Banerjee	Chairman
Mr B Choudhuri	Member
Mr S Bose	Member
Mr P Koek	Member

Mr Timir Baran Chatterjee, Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary, has been designated as the "Secretary" to the Audit Committee.

C) *Meetings and Attendance during the year*

During the financial year ended 31st December, 2008, four meetings were held on 27th March, 2008, 25th April, 2008, 29th July, 2008 and 30th October, 2008. All the members attended all the meetings.

The Chairman of the Audit Committee will be present at the Annual General Meeting, to answer the shareholders queries, if any.

4. Remuneration Committee

A) *Terms of Reference*

The scope of the Remuneration Committee extends to recommending to the Board, the compensation terms of the Executive Directors, including Performance Bonus, Employees Stock Option Scheme etc.

B) *Composition, name of Members and Chairperson*

As on 31st December, 2008, the Remuneration Committee comprises the following Members:

Name of Member	Category
Mr D Banerjee	Chairman
Mr M Miyasaka	Member
Mr P Koek	Member

C) *Meetings and Attendance during the year*

During the year ended 31st December, 2008, one meeting was held on 28th March, 2008. All the members attended the meeting.

D) *Remuneration paid/payable to the Directors for the financial year ended 31st December, 2008:*

(Figure in Rs.)

Name of Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Dr P K Dutt	1,747,500	1,747,500	—	5,011,948	—	8,506,948
Mr A D Chatterjee	885,000	592,950	—	2,299,926	—	3,777,876
Mr S Bhaumik	885,000	592,950	—	2,315,858	—	3,793,808
Mr D Banerjee	—	—	150,000	—	90,000	240,000
Mr R B Putatunda	—	—	87,500	—	70,000	157,500
Mr S Bose	—	—	150,000	—	28,000	178,000
Prof R Das	—	—	150,000	—	38,000	188,000
Mr B Choudhuri	—	—	150,000	—	66,000	216,000
Mr P L Agarwal	—	—	25,000	—	10,000	35,000
Mr P Koek	—	—	—	—	—	—
Mr M Miyasaka	—	—	—	—	—	—

- Except the Chairman & Chief Executive Officer and the Wholetime Directors, all the members of the Board are liable to retire by rotation. The appointment of the Executive Directors is governed by the resolutions passed by the Board, as per recommendations of the Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- The Non-Executive Directors do not hold any Shares or Convertible Instruments of the Company.
- The Company has paid commission to its Resident Non-Executive Directors in addition to sitting fees pursuant to approval of the Annual General Meeting held on 25th June, 2003. The criteria of payment of commission to the Resident Non-Executive Directors is as under:
 - Non-Executive Chairman - 0.5% of the profits subject to annual ceiling of Rs.600,000/-
 - Others - 0.5% of the profits subject to annual ceiling of Rs.150,000/- per Director.
- At present, sitting fees of Rs.10,000/- is paid to each Resident Non-Executive Director for attending each meeting of the Board and Rs.8,000/- for the Committees thereof.
- No commission and sitting fees are payable to the Non-Resident Non-Executive Directors.

5. Shareholders'/Investors' Grievance Committee

A) *Terms of Reference*

The terms of reference of the Committee shall be redressal of the shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheets, non-receipt of dividends etc.

B) *Composition*

Till the resignation of Mr R B Putatunda, Chairman of the Committee, the Shareholders'/Investors' Grievance Committee of the Company comprised of three Directors.

Subsequently, the Shareholders'/Investors' Grievance Committee was reconstituted at the Board Meeting held on 30th July, 2008. The Chairman is a Non-Executive Independent Director.

As on 31st December, 2008, the Committee comprises of:

Name of Member	Category
Prof R Das	Chairman
Dr P K Dutt	Member
Mr P Koek	Member

Mr Timir Baran Chatterjee, Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary has been designated as the "Compliance Officer".

C) *Attendance*

During the year ended 31st December, 2008, one meeting was held on 27th March, 2008 and all the members were present at the said meeting.

D) *Status of Transfers*

During the year ended 31st December, 2008, 2137 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December, 2008.

E) *Complaints*

During the year ended 31st December, 2008, the Company has not received any complaint from shareholders.

6. Subsidiary Company

The Company has one wholly owned subsidiary viz. M/s DIC Coatings India Limited. The subsidiary is not listed on any Stock Exchange. The subsidiary does not fall within the meaning of "Material Non-listed Indian Subsidiary" as defined in Explanation I of Clause 49(III) of the Listing Agreement. However, the following compliances are duly made by the Company :

- The Audit Committee reviews the financial statements made by the aforesaid subsidiary Company.
- The minutes of the Board Meetings of the subsidiary Company is placed at the Board Meeting of the Company.
- A statement of all significant transactions and arrangements made by the aforesaid subsidiary Company is informed to the Board at periodical intervals.

7. General Body Meetings

A) *Particulars of last three Annual General Meetings:*

AGM	Year Ended	Venue	Date	Time
60th	31.12.2007	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001	12.06.2008	11.00 a.m.
59th	31.12.2006	As above	29.05.2007	11.00 a.m.
58th	31.12.2005	As above	15.05.2006	3.00 p.m.

No Special Resolutions were put through Postal Ballot at the last Annual General Meeting. No Special Resolution requiring a Postal Ballot is being proposed at the forthcoming Annual General Meeting.

B) *Particulars of Special Resolutions passed at the last three Annual General Meetings:*

AGM	Year Ended	Particulars of Special Resolution	Date	Time
60th	31.12.2007	Commission not exceeding 1% of the net profit to the Resident Non-Executive Directors for a period of 5 years starting from 01.01.2009	12.06.2008	11.00 a.m.
59th	31.12.2006	Issue of Rights Shares to the Shareholders Alteration in the Article 5 of the Articles of Association	29.05.2007	11.00 a.m.
58th	31.12.2005	—	15.05.2006	3.00 p.m.

C) *Particulars of last three Extra-Ordinary General Meetings:*

Purpose	Venue	Date	Time
Sale of Adhesives Business	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhash Road Kolkata - 700 001	18.12.2000	11.00 a.m.
Allotment of shares to Coates Brothers Plc., UK on preferential basis; re-appointment and revised remuneration payable to Managing and Wholetime Directors	As above	02.12.1993	3.00 p.m.
Issue of Shares on Rights Basis	As above	18.12.1992	3.00 p.m.
Others			
Court Convened Meeting for approval of merger of Rohit (Printing Inks & Paints) Industries Private Limited with the Company	As above	29.06.2007	10.00 a.m.

8. Disclosures

- A) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on arms length basis except purchases of services/processing charges to the extent of Rs.11,508,560/- and sale of services to the extent of Rs.6,352,801/- where no comparison can be made in the absence of comparable transactions.
- B) The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company.
- C) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- D) The Company has complied with the requirements of regulatory authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.
- E) The Company has adopted a Risk Management Policy in the meeting of the Board of Directors held on 3rd March, 2006. It has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- F) The Company had come out with a Rights Issue of 2,295,179 Equity Shares of Rs.225/- each (including a premium of Rs.215/- per share) in the ratio of 1 fully paid Equity Share for every 3 fully paid up Equity Shares held by the existing shareholders on the record date, i.e. on 26th October, 2007. The Issue opened on 20th November, 2007 and closed on 19th December, 2007. Pursuant to the approval of the basis of allotment of shares to the eligible shareholders, the Board in its meeting held on 11th January, 2008 had allotted 2,293,440 Equity Shares to the entitled shareholders. The statement of utilization of proceeds was placed before the Audit Committee in their meeting held on 10th February, 2009.
- G) There were no material financial and commercial transactions where Senior Management of the Company had personal interest that may have a potential conflict with the interest of the Company at large.
- H) The Company presently does not have a Whistle Blower Policy.

9. Means of Communication

- A) Half-Yearly Report sent to each household of shareholders : No
- B) Unaudited Quarterly Financial Results:
 - Newspapers published in : The Economic Times
Business Standard
Sambad Pratidin
 - Website where displayed : www.dicindialtd.com
- C) Whether the website also displays official news releases and presentations to institutional investors/analysts : Yes
- D) Audited Financial Results: :
 - Newspapers published in : The Economic Times
Business Standard
Sambad Pratidin
 - Website where displayed : www.dicindialtd.com

In addition to furnishing the Unaudited Quarterly Results and the Annual Financial Results in the aforesaid newspapers, the entire Report & Accounts are also being uploaded in the SEBI's Electronic Data Information Filing and Retrieval (EDIFAR) website. Other information relating to shareholding pattern, compliance with requirements of corporate governance etc. are also being posted on SEBI's EDIFAR website.

- E) Whether Management Discussion & Analysis Report is a part of Annual Report : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion and Analysis Report.

10. Code of Professional Conduct

The Company has formulated a Code of Conduct for the employees, including the Directors with all the stakeholders of the Company and the same has been adopted by the Board in its meeting held on 29th April, 2005. The Code covers dealings with customers and suppliers, shareholders, concern for occupational, health, safety and environment and gender friendly workplace. The Code is also available on the Company's official website. A declaration from the Chief Executive Officer that all Board Members and Senior Management Personnel have duly complied with the Code of Conduct for the financial year ended 31st December, 2008 forms part of the Annual Report.

11. CEO/CFO Certification

The aforesaid certificate duly signed by the Chief Executive Officer and the Chief Finance Officer in respect of the financial year ended 31st December, 2008 has been placed before the Board in its meeting held on 10th February, 2009.

II. NON-MANDATORY REQUIREMENTS

1. Office of the Chairman of the Board and re-imburement of expenses by the Company

The same is not applicable as the Chairman of the Company is a Wholetime Director.

2. Remuneration Committee

The Company has a Remuneration Committee in place. For details regarding composition and scope of the Remuneration Committee, please refer to Item No.4 above under the head "Mandatory Requirements".

3. Shareholders' Rights - Furnishing of Half-Yearly Results

The Company's half-yearly results are published in the newspapers and also posted on its own website (www.dicindia.com) and the website of National Informatics Centre (<http://sebidifar.nic.in>). Hence, the Financial Results are not sent to the shareholders. However, the Company furnishes the quarterly and half-yearly results on receipt of request from the shareholders.

4. Audit Qualifications

The Company, at present, does not have any audit qualification pertaining to the Financial Results.

5. Training of Board Members

The Company at present does not have any facility for training of Board Members in the business model of the Company as well as the risk profile of the business parameters of the Company, their responsibilities as Directors and the best ways to discharge them.

6. Mechanism for Evaluating Non-Executive Board Members

The Company at present does not have any mechanism for evaluating the performance of Non-Executive Directors by a peer group.

7. Whistle Blower Policy

The Company at present does not have any Whistle Blower Policy.

CEO AND CFO CERTIFICATION

Pursuant to Clause 49(V) of the Listing Agreement of the Stock Exchanges, we hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that no instances of significant fraud have come to our notice.

For **DIC INDIA LIMITED**

DR P K DUTT
Chairman & Chief Executive Officer

S CHATTERJEE
Chief Finance Officer

Place: Kolkata
Date: 10th February, 2009

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF
THE COMPANY**

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 29th April, 2005. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended 31st December, 2008. The same has been duly noted by the Board in its meeting held on 10th February, 2009.

For **DIC INDIA LIMITED**

Place : Kolkata

Date : 10th February, 2009

DR P K DUTT

Chairman & Chief Executive Officer

AUDITORS' CERTIFICATE

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of DIC India Limited

We have examined the compliance of conditions of Corporate Governance by DIC India Limited (The Company) for the year ended on 31st December, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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.

Place : Kolkata,
Date : 10th February, 2009

PARTHA MITRA
Partner
Membership No.50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Shareholder Information

1. Annual General Meeting

The 61st Annual General Meeting will be held at 11:00 a.m. on Tuesday, 12th May, 2009, at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhash Road, Kolkata - 700 001.

2. Financial Year

Financial Year : 1st January to 31st December.

For the year ended on 31st December, 2008 results were announced on :

Approval of	Board Meeting Date
Unaudited Results for 1st quarter ended 31.03.2008	25.04.2008
Unaudited Results for 2nd quarter ended 30.06.2008	30.07.2008
Unaudited Results for 3rd quarter ended 30.09.2008	30.10.2008
Audited Results for financial year ended 31.12.2008	10.02.2009

3. Book Closure Date

The period of book closure is from 1st May, 2009 to 12th May, 2009, both days inclusive.

4. Dividend Payment Date

A Dividend payment of Rs.3.50 per Equity Share of Rs.10.00 each will be paid on 16th May, 2009, subject to the approval of the members in the Annual General Meeting.

5. Listing on Stock Exchanges

The Equity Shares of the Company are listed on:

- Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- National Stock Exchange of India Limited (NSE)
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
- The Calcutta Stock Exchange Association Limited (CSE)
7, Lyons Range, Kolkata - 700 001

6. Listing Fees to Stock Exchanges

The Annual Listing Fees for the year 2008-09 have been paid to all these Stock Exchanges. The Annual Listing Fees for the year 2009-10 will be paid within the stipulated time.

7. Custodial Fees to Depositories

The Company has paid Annual Custodial Fees for the year 2008-09 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Custodial Fees for the year 2009-10 will be paid within the stipulated time.

8. International Securities Identification Number (ISIN) of the Company

The International Securities Identification Number (ISIN) of the Company's shares in the dematerialised mode, as allotted by NSDL and CDSL is INE303A01010.

9. **Stock Code**

The Company's Stock Exchange Codes are as follows:

Stock Exchange	Stock Code
Bombay Stock Exchange Limited	500089
National Stock Exchange of India Limited	DICIND
The Calcutta Stock Exchange Association Limited	13217

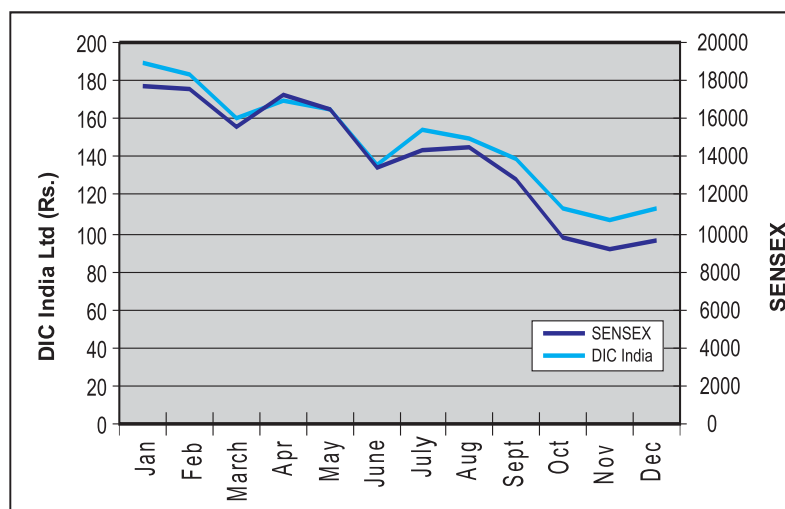
10. **Market Price Data**

Monthly high and low price of Company's Equity Shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from 1st January, 2008 to 31st December, 2008 are stated hereunder. There were no significant transactions on Calcutta Stock Exchange Association Limited.

Monthly high & low quotation of the Company's Equity Share for the year:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January	249.70	159.00	196.00	182.65
February	212.40	171.00	189.85	177.05
March	189.00	136.10	164.80	157.00
April	180.00	150.15	172.00	167.00
May	175.00	152.20	162.80	160.00
June	164.00	130.10	133.20	133.20
July	158.95	124.10	155.00	142.00
August	174.00	146.00	146.50	146.50
September	157.25	125.10	128.10	128.10
October	138.80	95.05	121.90	107.00
November	123.00	97.80	107.00	103.00
December	128.85	96.05	117.40	108.00

11. **Movement of DIC India Limited share price with BSE Sensex**



(Based on closing prices of BSE Sensex and DIL.)

12. Registrar and Share Transfer Agent

Pursuant to the directive of Securities and Exchange Board of India, whereby all work related to share registry in terms of both physical and electronic mode for maintenance had to be carried out at a single point, the Company has appointed M/s C B Management Services (P) Limited, Kolkata from 1st April, 2003 as its Registrar & Share Transfer Agent to handle its entire share related activity - both for physical shares and shares in demat form.

M/s C B Management Services (P) Ltd
P-22, Bondel Road, Kolkata - 700 019
Phone : 91-33-2280 6692-94/2486/2937
Fax : 91-33-2287 0263
E-mail : cbmsl1@cal2.vsnl.net.in

13. Investor Grievances

The Company has designated an exclusive e-mail id viz. investors@dic.co.in to enable the investors to register their complaints, if any.

14. Share Transfer System

For expeditious transfer of shares, the Board of Directors has authorised certain officers of the Company to approve share transfers before being placed before the Board for ratification.

15. Shareholding Pattern

Pattern of shareholding by ownership as on 31st December, 2008:

Category	No. of Shares	% to Share Capital
Promoter's Holding		
Foreign Promoter	6,586,077	71.75
Sub Total (A)	6,586,077	71.75
Non-Promoters Holding		
Directors & Relatives	534	0.01
Insurance Companies	366,927	4.00
Government/Financial Institutions/ Banks/Mutual Funds	723	0.01
Bodies Corporate	209,129	2.28
Foreign Institutional Investors	50	0.00
NRIs/OCBs	13,613	0.14
Public	1,978,796	21.56
Others	23,128	0.25
Sub Total (B)	2,592,900	28.25
Grand Total (A+B)	9,178,977	100.00

16. Distribution of Shareholding

Distribution of shareholding as on 31st December, 2008 is as follows:

Slab	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 — 500	7741	93.82	753,786	8.21
501 — 1000	240	2.91	183,768	2.00
1001 — 2000	126	1.53	186,264	2.03
2001 — 3000	59	0.72	145,381	1.59
3001 — 4000	19	0.23	67,419	0.73
4001 — 5000	31	0.37	145,685	1.59
5001 — 10000	15	0.18	112,922	1.23
10001 — above	20	0.24	7,583,752	82.62
Total	8,251	100.00	9,178,977	100.00

17. Secretarial Audit for Capital Reconciliation

As stipulated by SEBI, a qualified Practising Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and to the Board of Directors. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

18. Dematerialisation of Shares and Liquidity

As per notification issued by SEBI, with effect from 26th June, 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st December, 2008, 96.88% of the Company's total paid up capital representing 8,892,931 Equity Shares was held in dematerialised form and the balance 3.12% representing 286,046 Equity Shares was held in physical form.

19. Address for Correspondence with Depositories

National Securities Depository Limited
Trade World, 4th & 5th Floor
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai - 400 013

Telephone No : 022-2499 4200
Fax Nos : 022-2497 2993/6351
E-mail : info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers
17th Floor, Dalal Street
Mumbai - 400 023

Telephone No : 022-2272 3333
Fax Nos : 022-2272 3199/2072
E-mail : investors@cdslindia.com
Website : www.cdslindia.com

20. **Outstanding GDR/Warrants and Convertible Bonds, Conversion Dates and likely impact on Equity**

The Company had no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

21. **Dividend History (last 10 years)**

Financial year	Dividend %	Total Dividend (Rs. in Million)
2008	35	32.126
2007	35	32.126
2006	35	24.099
2005	35	24.099
2004	35	24.099
2003	35	24.099
2002	35	24.099
2001	40	27.542
2000	42	28.919
1999	40	27.542

22. **Unclaimed Dividend**

Unclaimed dividend for the years prior to and including the financial year 2000 has been transferred to the General Revenue Account of the Central Government/the Investor Education and Protection Fund ("IEPF") established by the Central Government, as applicable.

Under law, no claim for unencashed dividend can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. The dividend for the undernoted years, if unclaimed for 7 years, will be transferred by the Company to IEPF in accordance with the schedule given below:

Financial year ended	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on 31/12/2008 (Rs.)	Due for transfer to IEPF on
31.12.2001	54th	24.04.2002	27,542,148.00	221,043.00	15.05.2009
31.12.2002	55th	25.06.2003	24,099,379.50	172,508.00	06.07.2010
31.12.2003	56th	29.06.2004	24,099,379.50	162,172.50	06.07.2011
31.12.2004	57th	29.04.2005	24,099,379.50	172,819.50	06.05.2012
31.12.2005	58th	15.05.2006	24,099,379.50	147,644.00	22.05.2013
31.12.2006	59th	29.05.2007	24,099,379.50	156,688.00	05.05.2014
31.12.2007	60th	12.06.2008	32,126,419.50	171,907.00	17.06.2015

23. Plant Locations

Location	Address
Kolkata	Transport Depot Road, Kolkata - 700 088
Mumbai	Chandivali Farm, Off Saki Vihar Road, Mumbai - 400 072
New Delhi	7, D.L.F. Industrial Area, Shivaji Marg, New Delhi - 110 015
Noida	C - 55 A & B, Phase II, Dist. Gautam Budh Nagar, Noida - 201 305, (U.P.)
Ahmedabad	Plot No.633 & 634, G.I.D.C. Industrial Estate, Phase IV, Vatva, Ahmedabad - 382 445
Chennai	60, Sheik Maistry Street, Royapuram, Chennai - 600 013
Bangalore	66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangalore - 562 158
	* 66B, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangalore - 562 158

* Factory of DIC Coatings India Limited, the wholly owned subsidiary of the Company.

24. Address for correspondence with the Compliance Officer of the Company

Mr Timir Baran Chatterjee
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary

DIC India Limited

Transport Depot Road
Kolkata - 700 088
Phone: (033) 2449 6591-6 (6 lines)
Fax: (033) 2449 5267
E-mail: tb.chatterjee@dic.co.in
Website: www.dicindia ltd.com

Report of the Directors & Management Discussion and Analysis Report

The Directors have pleasure in submitting their Report and the Accounts for the year ended 31st December, 2008.

OVERVIEW OF THE ECONOMY

The year 2008 was a turbulent one with high volatility in crude prices, concern on liquidity, depreciation of Indian Rupee, high inflation for certain period of the year and to top it all, the impact of the sub-prime crisis originating out of the United States of America. The sub-prime crisis had a major effect not only in the US economy but also led to the crumbling of some of the largest financial institutions in the US. The crisis also affected the economy of all developed nations impacting their growth and level of employment, denting the business confidence and slowdown in the consumption led demand across the continents.

India is no exception to the global slowdown but the impact of the global turmoil has not been so severe as in other parts of the world, as her economic growth is supported by strong domestic fundamentals driven by a balance of consumption and investment, industry and services. The favourable demographic profile comprising of a growing consuming class also support the demand led growth. The strength of the Indian economy was visible when amongst the global slowdown, India posted a GDP growth rate of 7.8% in the first half of 2008-09 as against the real GDP growth rate of 8.8% during the last five years (2003-04 to 2007-08). The impact of the global slowdown started to show up in the Indian economy from the 3rd quarter of 2008-09 with the real GDP growth placed at 5.3% by the Central Statistical Organisation. The evidence of a further slowdown is reflected in export registering a negative growth in October, 2008 - January, 2009 and Index of Industrial Production (IIP) registering a negative growth in December, 2008. Government on its part is taking all possible measures to restrict the slowdown in the economic growth but with low business confidence and slowdown in investments, one can only look forward to an overall moderate growth during the current financial year.

INDUSTRY OVERVIEW (PRINTING INK)

Printing Industry's growth is linked to the GDP growth of the country. The world Printing Ink Industry, due to economic slow down and increased cost pressures, both on manufacturing as well as on the raw materials, had remained under pressure. The economic downturn has resulted in loss of consumer confidence leading to curtailed sales as consumers as well as corporates are deferring their major expenditure plans and holding on to their cash. This clearly have an impact on the printing and ink industries. Although the global market witnessed a slowdown, India is expected to post a moderate growth of possibly under 7% during the current financial year. While Ink industry in India grew by nearly 10% during the year, USA and Euro Zone had virtually experienced a flat to negligible growth in 2008. Asia was the fastest growing printing inks market.

FINANCIAL RESULTS

(Rs. in Million)

	2008	2007
Net Sales	4719.29	4038.63
Other Income	40.64	49.91
Total Income	4759.93	4088.54
Operating Profit	280.58	240.18
Profit before Taxation	231.48	167.15
Provision for Taxation including deferred taxation	80.54	57.92
Profit after Tax	150.94	109.23
Balance brought forward from previous year	438.05	377.41
Making a total available for appropriation	588.99	486.64
Out of which Directors have transferred to General Reserve	15.10	11.00
Your Board recommends for distribution as		
Dividend at the rate of Rs.3.50 per share on 9,178,977 Equity Shares (together with Tax on Dividend & Surcharge) absorbing in all	37.59	37.59
Leaving a balance carried forward of (Previous year: Rs.3.50 per share on 9,178,977 Equity Share)	536.30	421.38

PERFORMANCE REVIEW

The year started on a very positive note for the Company and sales of all products continued to grow at a healthy rate for the first nine months. From October onwards, the slump in the economy started having its effect on the market in general and particularly in the newspaper business. The reduction in number of pages by newspaper houses and also reduction of colour advertisement have resulted in the lower demand for news ink. All these affected the profitability of the Company in the 4th quarter of the year which would have been better had the economy not faltered in its pace of growth. During the same period, raw material cost reached its peak due to high volatility of crude price which touched almost US\$150 per barrel during the middle of the year. As a consequence of the depressed market demand and high raw material cost, the profitability of the Company declined in the fourth quarter. Though the crude prices have come down substantially during the end of the year, the cost of raw material for Ink Industry have not yet come down to the expected level. This was possibly due to the accumulation of inventory at higher cost at the end of the suppliers.

Despite the above, your Company's overall net sales increased from Rs.4038.63 million to Rs.4719.29 million registering a impressive growth of 16.85% in terms of value and 6.3% in terms of volume. Our continuous effort for better productivity led to an increase in operating profit of the Company by 16.82%. Pre-tax profit was Rs.231.48 million compared to Rs.167.15 million earned in the previous year registering an impressive increase of 38.49%. The post tax profit was Rs.150.94 million in 2008 compared to Rs.109.23 million in the previous year, an increase of 38.19%.

ISSUE OF RIGHTS SHARES

The Company in its Annual General Meeting held on 29th May, 2007 had approved the issuance of Rights Shares of upto 2,295,179 Equity Shares of Rs.10 (Rupees Ten) each for cash, within the price band of Rs.210-Rs.230 per share (including premium of Rs.200-220 per share) on Rights basis in the ratio of 1:3 i.e. one Equity Share for every three Equity Shares held by eligible shareholders.

The Rights Issue opened on 20th November, 2007 and closed on 19th December, 2007 at a price of Rs.225 per share to the eligible shareholders whose names appeared on the Register of Members or on the list of depositories as beneficial owners, as at the end of the business day of 26th October, 2007.

The Board in its meeting held on 11th January, 2008 approved the allotment of 2,293,440 Equity Shares to the successful shareholders. The shares were subsequently listed on 18th January, 2008 in the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Calcutta Stock Exchange Association Limited.

ACCOUNTS OF SUBSIDIARY COMPANY

Your Company has been exempted from the provisions of Section 212(1) of the Companies Act, 1956 relating to the attachment of the accounts of its subsidiary, DIC Coatings India Limited, to its accounts for the financial year ended 31st December, 2008 pursuant to approval of the Central Government under Section 212(8) of the Companies Act, 1956. However, a statement of financial information regarding subsidiary Company forms part of the Annual Report and is being disclosed pursuant to the direction of the Central Government while granting the aforesaid exemption. Shareholders desirous of obtaining the annual accounts of your Company's subsidiary may obtain the same upon request. The annual report and accounts of the subsidiary Company will be kept for inspection at your Company's Registered Office and that of the subsidiary Company.

DIC COATINGS INDIA LIMITED (DCIL)

During the year under review, 3 PC container, aerosol, battery jacket and collapsible tubes business was at expected level except for the last quarter wherein the business was very subdued and slowed down. Business with Balmer Lawrie and Colgate remained at expected level. However, crown and mango lacquer business could not perform well due to uncertain monsoons. Pesticide container business showed insignificant movement during the year. PP cap business performed at expected level in Southern and Western Regions.

On the cost factor, during the major part of the year, prices of crude and other principal raw materials had shown an upward trend affecting adversely the cost of finished products. It is expected that in the near future, the cost structure of finished products will be favourable.

In spite of the above, the Company increased its sales from Rs.405.51 million in 2007 to Rs.433.84 million. Industrial Coatings sales registered an increase of 6.99% in terms of value and 1.27% in terms of volume. The increase in cost of raw materials had affected the profitability of the Company with the profit before tax being Rs.44.92 million as against Rs.55.40 million registered during the last year. Likewise, profit after tax was down from Rs.33.43 million to Rs.29.78 million in the current year.

In order to conserve the internal resources, DCIL has not declared any dividend during the year under review.

DIVIDEND

Considering the performance of the Company and keeping in mind the need to conserve resources for future growth, your Board recommends a dividend of Rs.3.50 per share, subject to approval of shareholders at the ensuing Annual General Meeting.

CAPITAL EXPENDITURE

Capital expenditure during the year amounted to Rs.265.17 million, a major part of which was spent on plant and equipment.

COMMISSION OF MOTHER PLANT AT NOIDA

The Company commissioned the Liquid Ink Mother Plant (LIMP) at Noida, UP on 25th September, 2008 for which the Company had come out with the aforesaid Rights Issue.

The setting up of the LIMP would install seamless and automated state of production facility which in turn would facilitate significant reduction in handling costs and wastages, thereby improving cost and work efficiency. Moreover, the Company would also benefit from other advantages related to bulk production viz. consistency in quality, lower logistics costs and increase in productivity etc.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

As required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed and forms part of this Report.

DEPOSITS FROM PUBLIC

As on 31st December, 2008, 46 deposits aggregating to Rs.0.45 million remained unclaimed by the depositors.

HUMAN RESOURCES

Your Company believes that the competence and commitment of the people are the principle drivers of competitive advantage that enable the enterprise to create and deliver value. The industrial relations climate of your Company continues to remain harmonious with focus on improving productivity, quality and safety. Efforts are being made to strengthen organizational culture in order to attract and retain the best talent in the industry. Training needs are identified in a systematic manner and regular training programmes are organised, both in-house and external where employees are nominated to participate. The Board records its appreciation of the commitment and support of the employees and looks forward to their continued support.

As on 31st December, 2008, the Company had 610 employees on the pay roll. The statement showing particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is annexed and forms an integral part of this Report.

INTERNAL CONTROL SYSTEMS

Your Company has an adequate system of internal control procedures which commensurates with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit Committee of the Board of Directors. The observations and comments of the Audit Committee are placed before the Board.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investors' protection and maximizing long-term

shareholders value. The certificate of the Auditors, M/s Lovelock & Lewes, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges is annexed.

SAFETY AND ENVIRONMENT

Highest priority is accorded to environment, occupational health and safety by your Company. Your Company's factory at Kolkata is a recipient of ISO 14001 certification by BVQI. Your Directors, through the Company's Safety, Health and Environment Department, oversee and review the integrated Environment, Occupational Health and Safety Audits which ensure comprehensive coverage of all Company locations. Various proactive measures have been adopted and implemented which inter-alia include adoption of cleaner technology, conservation of resources through waste reduction, recycling and reuse of waste materials and ongoing training of employees. Your Company's focus on sustainable development will continue to be reinforced by improving standards of safety and environmental protection and further strengthened by the association with DIC Corporation, Japan which accords vital importance to these aspects.

INFORMATION SYSTEM

The Company runs on ORACLE E-Business Suite Version 11.5 to remain updated with the latest system for better operational and timely information management. With ORACLE, a reliable, high end, comprehensive, disciplined and integrated business solution in place, the Company has gained from the inbuilt checks and balances and efficient controls by maintaining audit trails.

DIRECTORS

Mr R B Putatunda tendered his resignation with effect from 31st July, 2008 on personal grounds. The Board wishes to place on record the valuable contribution made by Mr Putatunda during his tenure as a Director.

The Board inducted Mr P L Agarwal into the Board of Company with effect from 30th October, 2008. Mr Agarwal has over 42 years of experience in the legal field and is currently the Senior partner of M/s Khaitan & Co., a leading solicitors and advocates firm of India. Mr P L Agarwal does not hold any shares in the Company.

The appointment of Mr P L Agarwal is valid till the date of forthcoming Annual General Meeting. The Company has received notice from a shareholder, pursuant to Section 257 of the Companies Act, 1956, for the appointment of Mr P L Agarwal. Appropriate resolution seeking his appointment is appearing in the Notice convening the Annual General Meeting of the Company.

Prof R Das resigned from his Directorship with effect from 10th February, 2009 due to personal reasons. The Board wishes to place on record the valuable contributions made by Prof R Das during his tenure as Director of the Company. The Board intends to appoint an eminent personality with requisite qualification and experience within the stipulated time frame of six months of his resignation, as provided by Clause 49 of the Listing Agreement.

In terms of Articles of Association of the Company, Mr M Miyasaka and Mr S Bose retire from the Board by rotation and being eligible, offer themselves for re-appointment. They do not hold any share in the Company.

These appointments form part of the Notice of Annual General Meeting and the Resolutions are recommended for your approval.

Profile of these Directors, as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, is given in the Notice of the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st December, 2008, applicable accounting standards have been followed with no material departure;
- b) your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December, 2008 and of the profit for the year ended on that date;
- c) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the accounts for the year ended 31st December, 2008 have been prepared on a going concern basis.

AUDITORS

Messrs Lovelock & Lewes, Chartered Accountants, retiring Auditors, being eligible, offer themselves for re-appointment.

RISKS AND CONCERNS

Risks are integral aspects of any business. The following risks and concerns are identified and various actions initiated by the management are outlined below:

Product Risks:

In Ink industry product, replacement and obsolescence of the product/technology are inherent with the growing applications in print media, books, magazines, brochures, market literatures and packaging of various consumer related products. The Company and the DIC Group continuously invest in Research and Development to upgrade its product portfolio to cater to newer applications and customer demand. The Company is also in the process to enter the technologies products, processes and best practices of the DIC Group, the World's largest ink manufacturing Company.

Market Related Risks

The printing ink industry is highly competitive and it has become more competitive with the induction of many international players. However, the Company would like to address this issue with the aid of superior technology, consolidation of production facility and utilization of better logistics.

Financial Risks and Leverage

The Company's import is higher than its export receivables and hence there is a significant exchange risks. To tackle the situation, the Company takes forward covers as per policy fixed by the Board of Directors. The current debt to equity ratio is comfortable. The cash flows of the Company are estimated to be stable on account of diversified and more predictable revenues and profitability.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

The expectation for the year 2009 is one of cautious optimism. Cautious due to the prevailing economic situation and optimism due to the fact the Indian economy is expected to grow at a moderate rate inspite of the global slowdown. The primary focus of the next fiscal would be one of recovery through combination of monetary, fiscal and other measures. Advanced economies are likely to continue their recessionary trend for a considerable period but the developing economy like India is expected to stage

an early recovery. The domestic market is expected to sustain a growth rate of 6.5-7%. Economic growth, favourable demographic profile and radical change in buying attitude are the key demand drivers of maintaining the momentum in growth.

The prices of crude oil and supply of raw materials are expected to be more stable compared to 2008 which augurs well for the industry.

Your Company's business strategy for the current financial year would be to consolidate the business which showed an impressive growth during last year and to focus on high quality market segment. The setting up of the Liquid Ink Mother Plant at Noida would greatly help the Company to maximize its centralized production facilities at most competitive cost. Increase of Lamination Adhesives capacity would strengthen the marketing capability in terms of offering total portfolio of inks and adhesives to the Packaging Converters. By integrating individual technologies and functions from our Group's wide range of products, your Company will facilitate the development of new and high performance products in the commercial printing sectors. Further, your Company would focus on improving the operating margins through better productivity, greater focus on logistics and effective working capital management. The Company's ongoing investment plans have not been shelved but it has been rescheduled in line with the market requirement.

Your Company's continued focus on Research & Development enabled it to develop several environment friendly products including certain products in the field of high performance to cater to some niche markets. The R & D Centre is recognized by the Central Government, Ministry of Science and Technology. Your Company has a basket of several internationally recognised products and has plans to exploit these as well as to increase sales through new product launches and expanding market network. Effective plans are in place for all round cost saving and improvement in productivity to ensure satisfactory growth. Your Company will continue to invest substantially in Research and Development to upgrade its product portfolio and manufacturing process to cater to the future demands. It is the endeavour of your Company to deploy resources in a balanced manner so as to secure the interest of the shareholders in the short, medium and long term. With a significant improved customer base, experience in varied markets, continuous technical assistance from DIC Corporation, Japan, the world's largest ink manufacturing Company and strong management team, your Company feels confident of sustained growth in all the market segments.

ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to express its sincere appreciation for the continued support and confidence received from customers, distributors, suppliers, bankers, shareholders and other business associates.

Your Directors place on record their deep appreciation of the dedicated efforts and contribution of the employees at all levels and look forward to their continued support in the future as well.

Your Directors look forward to the future with confidence.

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

Kolkata

10th February, 2009

B CHOUDHURI

Director

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, forming part of the Directors' Report

Conservation of Energy

The Company's operations do not involve substantial consumption of energy in comparison to the cost of production. Wherever possible, energy conservation measures have been implemented. Total energy consumption is as per Form-A and forms part of the report.

FORM - A

CONSERVATION OF ENERGY FOR THE ACCOUNTING PERIOD ENDED 31ST DECEMBER 2008

A. Power and Fuel Consumption

(a)	Fuel consumption	Units	2008	2007
1.	Electricity			
(i)	Purchased			
	KWH	Units (Million)	9.64	9.39
	Total Amount	Rs. (Million)	51.17	45.06
	Average Rate	Rs./Unit	5.31	4.80
(ii)	Own Generation - through Diesel Generator			
	KWH	Units (Million)	1.10	0.84
	Unit per litre of Diesel	Kwh/Ltr.	2.67	3.35
	Average Rate	Rs./Unit	11.36	8.49
2.	HSD Used	Ltrs (Million)	0.19	0.20
	Total Amount	Rs. (Million)	6.14	6.10
	Average Rate	Rs./Unit	32.95	31.24
3.	Furnace Oil	Ltrs (Million)	—	—
	Total Amount	Rs. (Million)	—	—
	Average Rate	Rs./Unit	—	—

(b) Consumption Per Unit of Production

Electricity	}	Since the Company manufactures different types of products, it is not practicable to give consumption per unit of production.
HSD		
Furnace Oil		

B. Research & Development

1. Specific Areas in which R&D efforts have been put in by the Company

For development of:

- Development of VOC-free offset ink systems
- Development of high quality sheetfed process colours
- Alcohol, Ester-based inks have been developed for tobacco packaging
- Development of lamination adhesives
- Development of low VOC ultra violet curing offset ink
- Development of Toulene-free metallic inks

2. Benefits derived as a result of R&D

The Company has successfully developed the previously mentioned technology(ies) and products listed in B1 above and the process of technology. These have resulted:

- Opportunities to expand business in new areas
- Cost and quality advantage in highly competitive inks market.
- Product range extensions will increase the market reach
- Inks range expanded to cater high-end customers and will act as an import substitute
- Environment friendly products

3. Future Plan of Action

The Company's R&D is working continuously for the development of new products, processes and improved formulations to give high quality performance inks for different applications to customers worldwide.

4. Expenditure on R & D

The Company has a modern R&D Centre. It has also imported various sophisticated equipment for R&D and Quality Control System. During the year, the Company has incurred on R&D Facilities:

- Capital Expenditure of Rs.1.34 million
- Recurring Expenditure of Rs.17.03 million
- Total Expenditure Rs.18.37 million
- Total R&D Expenditure as a percentage to total turn over was 0.39%.

C. Technology Absorption, Adoption and Innovation

1. The efforts made towards Technology Absorption, Adoption and Innovation

The Company has successfully developed the technology and products listed in B1 above and the technology have been successfully implemented.

2. Benefits derived as a result of above efforts

As a result of the aforesaid efforts, the Company has been able to expand its business reach apart from becoming more competitive, which will give significant edge over the others. Some of the inks will provide import substitute, which will be an added advantage to the Country also.

3. Information in case of Imported Technology (Imported during the last five years, reckoned from the beginning of the Financial Year).

The Company has executed an Agreement with its Parent Company, DIC Corporation (Formerly Dainippon Ink & Chemicals Inc.), Japan on 1st April, 2007 (with effect from 1st January, 2007 till 31st December, 2016) to import technology and technical information for manufacturing poly-ester poly-urethane poly-urea resin solely for captive consumption. Poly-ester poly-urethane poly-urea resin is used to manufacture gravure inks, a finished product of the Company and comes under the segment of liquid ink. Poly-ester poly-urethane poly-urea resins are presently being imported and such manufacture in India through DIC technology will reduce the Company's dependence on imported items. Further, it will reduce the cost of the Company to a great extent.

The Company has renewed the Technical Collaboration Agreement with DIC Asia Pacific Pte Ltd., Singapore on 1st July, 2008 which is valid for a period of 7 years. This Technical Collaboration Agreement does not relate to a specific project or product but transfer of technology 'on an ongoing basis' for all the existing and future range of printing inks. The scope of the Agreement covers upgradation of existing products, manufacturing techniques, quality assurance, raw materials testing, training to Indian technicians and also use of DIC's trade names, brand names, marks and symbols.

D. Foreign Exchange Earnings and Outgo

Exports during the year stood at Rs.297.48 million (from Rs.231.47 million in 2007), registering a significant increase of 28.52%. Earnings in foreign exchange through exports and other earnings amounted to Rs.302.22 million. Outgo of foreign exchange on import of raw materials, spare parts, capital goods, traded goods and also in respect of royalty, dividend and other matters amounted to Rs.1356.01 million.

PARTICULARS OF EMPLOYEES

PARTICULARS OF EMPLOYEES (PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956) AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2008

Name	Age (Years)	Designation	Date of Joining	Qualification	Experience (Years)	Previous Employment		Gross Remuneration (Rs.)
						Designation/ Employer	Period of Employment	
Dr P K Dutt	67	Chairman and Chief Executive Officer	02.05.1984	M.Tech, Ph.D	44	Managing Director - Coates Brothers (WA) Ltd Nigeria	2 Years	8,506,948
Mr A D Chatterjee	56	Wholetime Director	19.05.1978	M.Sc, MBA	31	Sr. Executive - M L Dalmiya Co Ltd	1 year	3,777,876
Mr S Bhaumik	55	Wholetime Director	07.07.1997	B.Com(Hons), LLb, FCA	31	General Manager (Sales & Marketing) - JBA Printing Inks Ltd	15 years	3,793,808
Mr T B Chatterjee	53	Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary	21.08.1996	B.Com (Hons), M.Com, FCS, MIIA (USA)	32	Company Secretary & Finance Manager - Asiatic Oxygen Ltd	2 year	2,435,691

- Notes :
- 1 Gross Remuneration includes salary, house rent, performance bonus and other perks like medical reimbursement, LTA, Company's contribution towards provident fund etc.
 - 2 The appointments of the Directors are contractual in nature and governed by the Resolution passed by the members of the Company in the Annual General Meeting of the Company.
 - 3 The appointment of Mr T B Chatterjee is in terms of the letter of appointment and applicable Company's rules and regulations.
 - 4 The above employees are not relatives of any Director of the Company.

On behalf of the Board

DR P K DUTT
Chairman & Chief Executive Officer

Kolkata
10th February, 2009

B CHOUDHURI
Director

Auditors' Report

To The Members of DIC India Limited

1. We have audited the attached Balance Sheet of DIC India Limited, as at 31st December, 2008 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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 4 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, as on 31st December, 2008 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act 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 31st December, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Kolkata
Date : 10th February, 2009

PARTHA MITRA
Partner
Membership No.50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of DIC India Limited on the financial statements for the year ended 31st December, 2008]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory (excluding stocks with third parties and in transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and those in transit have been verified by the management with reference to subsequent receipt and/or relevant documents. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loan, secured or unsecured, to companies covered in the register maintained under Section 301 of the Act. Hence the provisions of Clauses 4(iii) (b), (c) and (d) are not applicable.
(b) The Company has taken unsecured loans from two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year end balance of loan taken from such parties were Rs.60,393,692 and Rs.57,345,210 respectively.
(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the Companies listed in the register maintained under Section 301 of Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company.
(d) The Company is regular in repaying the interest amount as stipulated. However the principal amount is not due for repayment.
4. 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 for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five

Lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except purchase of service to the extent of Rs.11,508,560 and sale of services to the extent of Rs.6,352,801 where no such comparison can be made in the absence of comparable transactions.

6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. Pursuant to the Rules made by the Central Government of India for maintenance of cost records under Section 209(1)(d) of the Companies Act,1956 we have broadly reviewed the books of account in relation to material, labour and other item of cost maintained by the Company in respect of manufacture of varnishes 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 records with a view to determine whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues as applicable with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty were in arrears, as at 31st December, 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income tax, Sales tax, Service tax, Customs duty and Excise duty as at 31st December, 2008 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Amount (Rs.)	Forum where the dispute is pending
Income Tax Act	19,091,419	Hon'ble High Court at Calcutta
Local Sales Tax Act	21,539,281 206,904 1,109,088 9,829,470	Deputy Commissioner of Commercial Taxes Commissioner of Sales Tax Appellate and Revisional Board Joint Commissioner (Appeals)
Central Sales Tax Act	83,227,819 2,122,327 178,984 24,704,825	Deputy Commissioner Commissioner (Appeals) Hon'ble High Court Joint Commissioner (Appeals)
Excise Duty/Service Tax	31,453,489 5,979,650 15,112,472 35,201,004 3,428,167	Custom, Excise and Service Tax Appellate Tribunal Commissioner (Appeals) Excise Duty Assessing Authority Assistant Commissioner-Service Tax Hon'ble High Court
Custom Duty	1,455,164	Custom, Excise and Service Tax Appellate Tribunal

10. The Company has no accumulated losses as at 31st December, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. In our opinion, the Company has maintained adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and no debentures are outstanding at the end of the year.
20. The Company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

Place: Kolkata
Date: 10th February, 2009

PARTHA MITRA
Partner
Membership No.50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Balance Sheet

BALANCE SHEET

As at 31st December, 2008

(Rs. in Million)

	Schedule	As at 31st December 2008	As at 31st December 2007
I SOURCES OF FUNDS			
Shareholders' Funds			
a) Capital	1	91.79	68.86
b) Share Application Money		—	516.11
c) Reserves & Surplus	2	<u>1,711.58</u>	<u>1,105.13</u>
		1,803.37	1,690.10
Loan Funds			
a) Secured	3	88.73	60.95
b) Unsecured	4	<u>408.23</u>	<u>147.89</u>
		496.96	208.84
Deferred Taxation	13	<u>59.99</u>	<u>57.54</u>
TOTAL		<u>2,360.32</u>	<u>1,956.48</u>
II APPLICATION OF FUNDS			
Fixed Assets			
a) Gross Block	5	1,176.28	939.04
b) Less: Depreciation and Amortisation		<u>488.93</u>	<u>439.00</u>
c) Net Block		687.35	500.04
d) Capital Work-in-Progress		<u>57.71</u>	<u>182.29</u>
		745.06	682.33
Investments	6	<u>107.53</u>	<u>107.53</u>
Current Assets, Loans & Advances			
a) Inventories	7	647.61	445.70
b) Sundry Debtors	8	1,319.10	1,141.04
c) Cash & Bank Balances	9	173.45	194.41
d) Loans & Advances	10	<u>237.83</u>	<u>230.91</u>
		2,377.99	2,012.06
Less: Current Liabilities & Provisions			
a) Liabilities	11	817.18	792.32
b) Provisions	12	<u>53.08</u>	<u>53.12</u>
		870.26	845.44
Net Current Assets		1,507.73	1,166.62
TOTAL		<u>2,360.32</u>	<u>1,956.48</u>
Notes	17		
Significant Accounting Policy	18		

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Profit & Loss Account

PROFIT & LOSS ACCOUNT

For the year ended 31st December, 2008

(Rs. in Million)

	Schedule	Year ended 31st December 2008	Year ended 31st December 2007
I INCOME			
Sales		5,331.87	4,617.11
Less: Excise Duty		612.58	578.48
		<u>4,719.29</u>	<u>4,038.63</u>
Other Income	14	40.64	49.91
		<u>4,759.93</u>	<u>4,088.54</u>
II EXPENDITURE			
Materials Consumed	15	3,545.21	2,993.53
Expenses	16	848.72	774.71
Depreciation and Amortisation		71.96	67.69
Interest (Note No.19 in Sch.17)		57.24	71.15
Discount on Issue of Commercial Paper		5.32	14.31
		<u>4,528.45</u>	<u>3,921.39</u>
III PROFIT			
Profit before Taxation		231.48	167.15
Less: Taxation for the year			
– Current Tax (Note No.12 in Sch.17)		73.00	54.68
– Fringe Benefit Tax		5.10	4.94
– Deferred Tax		2.44	(1.70)
		<u>80.54</u>	<u>57.92</u>
Profit after Taxation		150.94	109.23
Profit brought forward			
– Profit & Loss Account		438.05	360.74
– Amount added on amalgamation		—	16.67
		<u>438.05</u>	<u>377.41</u>
Profit available for appropriation		588.99	486.64
IV APPROPRIATIONS			
General Reserve		15.10	11.00
Proposed Dividend		32.13	32.13
Add: Dividend Tax incl. Surcharge		5.46	5.46
		<u>37.59</u>	<u>37.59</u>
Profit carried forward		536.30	438.05
		<u>588.99</u>	<u>486.64</u>
Earnings Per Share (Note No.29 in Sch.17)			
– Basic		16.56	15.86
– Diluted		16.56	15.69
Face Value of Equity Shares		10.00	10.00
Notes	17		
Significant Accounting Policy	18		

The Schedules referred to above form an integral part of the Profit & Loss Account.
This is the Profit & Loss Account referred to in our report of even date.

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Schedules to the Accounts

	As at 31st December 2008	(Rs. in Million) As at 31st December 2007
Schedule 1		
CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs.10 each	150.00	150.00
Issued and Subscribed		
9,178,977 (2007 : 6,885,537) Equity Shares of Rs.10 each fully paid	91.79	68.86
Of the above shares:		
1) 35,013 Shares were allotted as fully paid up pursuant to contracts without payment being received in cash,		
2) 1 Share was allotted partly for cash amounting to Rs.6.67 and balance Rs.3.33 for other consideration pursuant to contracts,		
3) 4,044,351 Shares were allotted as fully paid up Bonus Shares by capitalisation of Share Premium and General Reserve,		
4) 6,586,077 (2007 : 4,527,888) Shares are currently held by the holding Company, DIC Asia Pacific Pte Limited, Singapore.		

	As at 31st December 2008	(Rs. in Million) As at 31st December 2007
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	0.05	—
Add: Addition on Amalgamation	—	0.05
	0.05	0.05
Securities Premium Account		
As per last Account	161.71	167.36
Add: Premium on Rights Issue	493.10	—
Less: Rights Issue Expenses (Net of Deferred Tax)	—	5.65
	654.81	161.71
General Reserve		
As per last Account	505.32	487.78
Add: Transferred from Profit & Loss Account	15.10	11.00
	520.42	498.78
Add: Transitional provision in compliance with AS 15 (Revised)	—	6.54
	520.42	505.32
Profit & Loss Account		
	536.30	438.05
	1711.58	1105.13

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2008	As at 31st December 2007
Schedule 3		
SECURED LOANS		
Overdrafts/Working Capital Loans		
From Banks	88.73	60.89
Add: Interest Accrued & Due (Note No.3 in Sch.17)	<u>—</u>	<u>0.06</u>
	88.73	60.95
	<u>88.73</u>	<u>60.95</u>
Schedule 4		
UNSECURED LOANS		
Short Term Loan from Subsidiary	10.00	—
Short Term Loan from Banks	100.00	—
Short Term Loan from others	150.00	—
Add: Interest Accrued & Due	<u>0.88</u>	<u>—</u>
Commercial Paper Loan	100.00	100.00
[Maximum amount outstanding at any time during the year is Rs.150,000,000 (2007 - Rs.200,000,000)]		
Other Loan		
From Holding Company	45.87	45.87
Add: Interest Accrued & Due	<u>1.48</u>	<u>2.02</u>
	408.23	147.89
	<u>408.23</u>	<u>147.89</u>

Schedules to the Accounts

Schedule 5

FIXED ASSETS

(Rs. in Million)

Particulars	Cost as at 1.1.2008	Addition during the year	Sales/ Discards/ Transfer	Cost as at 31.12.2008	Depreciation				Amortisation				Net Value as at 31.12.2008	Net Value as at 31.12.2007
					As at 1.1.2008	On Sales/ Discards/ Transfer	For the Year	As at 31.12.2008	As at 1.1.2008	For the Year	On Sales/ Discards/ Transfer	As at 31.12.2008		
INTANGIBLE ASSETS														
Computer Software	20.04	—	—	20.04	—	—	—	—	5.84	5.02	—	10.86	9.18	14.20
TANGIBLE ASSETS														
Land-Freehold	9.08	—	—	9.08	—	—	—	—	—	—	—	—	9.08	9.08
Land-Leasehold	17.47	—	—	17.47	—	—	—	—	2.39	0.45	—	2.84	14.63	15.08
Buildings	125.57	34.95	4.74	155.78	57.11	2.51	6.92	61.52	—	—	—	—	94.26	68.46
Plant & Machinery	682.52	219.62	14.24	887.90	313.91	11.08	51.35	354.18	—	—	—	—	533.72	368.61
Furniture & Equipment	23.06	6.28	0.09	29.25	14.96	0.07	1.69	16.58	—	—	—	—	12.67	8.10
Transport Vehicles	7.00	0.95	3.15	4.80	5.59	2.73	0.43	3.29	—	—	—	—	1.51	1.41
Computers	54.30	3.37	5.71	51.96	39.20	5.64	6.10	39.66	—	—	—	—	12.30	15.10
Total	939.04	265.17	27.93	1,176.28	430.77	22.03	66.49	475.23	8.23	5.47	—	13.70	687.35	500.04
Previous year	890.87	84.08	35.91	939.04	396.11	27.57	62.23	430.77	2.77	5.46	—	8.23	500.04	

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2008	As at 31st December 2007
Schedule 6		
INVESTMENTS (At cost less provision)		
Long Term Investments - Unquoted		
1) Investment in Subsidiary		
10,753,147 Equity Shares of Rs.10 each in DIC Coatings India Limited, fully paid	107.53	107.53
2) Other than Trade Unquoted		
Shares of Housing Co-operative Societies:		
* Magnum Tower Co-operative Housing Society Ltd., 10 Equity Shares of Rs.50 each fully paid (Rs.500)	—	—
* Sheffield Towers Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (Rs.250)	—	—
Apna Ghar Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (2008 - Rs. Nil, 2007 - Rs.250)	—	—
* Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10 each fully paid (Rs.200)	—	—
Juhu Sun & Sea Co-operative Housing Society Ltd., 10 Equity Shares of Rs.50 each fully paid (2008 - Rs. Nil, 2007 - Rs.500)	—	—
	107.53	107.53

* These investments relate to ownership flats included in Fixed Assets.

Schedules to the Accounts

			(Rs. in Million)	
	As at		As at	
	31st December		31st December	
	2008		2007	
Schedule 7				
INVENTORIES				
Stores	6.12		6.39	
Raw Materials	285.81		204.30	
Finished Goods	256.76		169.70	
Intermediates	87.99		53.97	
Containers	10.93		11.34	
	<u>647.61</u>		<u>445.70</u>	
Schedule 8				
SUNDRY DEBTORS				
Debts outstanding over six months				
Secured – Considered good	1.11		0.57	
Unsecured – Considered good	58.93		50.21	
Unsecured – Considered doubtful	15.25		7.00	
	<u>75.29</u>		<u>57.78</u>	
Less: Provision for Doubtful Debts	15.25	60.04	7.00	50.78
Other Debts				
Secured – Considered good	12.76		11.30	
Unsecured – Considered good	1246.30	1259.06	1,078.96	1,090.26
	<u>1319.10</u>		<u>1,141.04</u>	
Schedule 9				
CASH AND BANK BALANCES				
Cash-in-hand	0.62		0.50	
Cheques-in-hand	134.84		108.64	
Balances with Scheduled Banks on :				
Current Accounts	37.99		73.88	
Fixed Deposit Accounts	—	37.99	11.39	85.27
	<u>173.45</u>		<u>194.41</u>	

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2008	As at 31st December 2007
Schedule 10		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances to Subsidiary	0.36	2.43
Bills of Exchange	19.52	17.30
Advances Recoverable in cash or in kind or for value to be received *	145.13	151.76
Advance Tax (Net of provision for taxation Rs.351,357,106 2007 - Rs.378,768,660)	2.00	—
Deposits	16.78	19.71
Balances with Central Excise etc.	54.04	39.71
	<u>237.83</u>	<u>230.91</u>
* includes amount due from an Officer of the Company Rs.777,520 (2007 - Rs.891,631), maximum amount outstanding at any point of time during the year Rs.891,631 (2007 - Rs.991,627)		
* includes amount due from Directors of the Company Rs.1,326,418 (2007 - Rs.1,848,470), maximum amount outstanding at any point of time during the year Rs.1,881,270 (2007 - Rs.2,419,700)		
Schedule 11		
LIABILITIES		
Acceptances	—	20.17
Sundry Creditors		
- Total outstanding due to Micro & Small Enterprises	57.49	22.17
- Total outstanding due to Creditors other than Micro & Small Enterprises	523.79	511.69
(Note No.13 in Sch.17)	581.28	533.86
Other Liabilities	235.90	238.29
	<u>817.18</u>	<u>792.32</u>
Schedule 12		
PROVISIONS		
Taxation [Net of advance tax payments Rs.353,353,163 (2007 - Rs.376,752,394)]	—	2.02
Proposed Dividend	32.13	32.13
Corporate Dividend Tax incl. Surcharge	5.46	5.46
Employees Benefit Scheme	15.49	13.51
	<u>53.08</u>	<u>53.12</u>

Schedules to the Accounts

			(Rs. in Million)	
	Year ended 31st December 2008		Year ended 31st December 2007	
Schedule 13				
DEFERRED TAXATION				
Assets				
Employees' Separation Cost	2.38		1.01	
Provision for Bad & Doubtful Debts	5.18		2.38	
Rights Issue Expenses	1.75	9.31	2.33	5.72
Liabilities				
Fiscal Allowances on Fixed Assets	63.58		56.55	
Oracle Implementation	2.23		3.34	
Employees' Benefits	3.49	69.30	3.37	63.26
		<u>59.99</u>		<u>57.54</u>
Schedule 14				
OTHER INCOME				
1. Miscellaneous Income				
Sale of Containers	4.76		3.52	
Miscellaneous Receipts (Note No.10 in Sch.17)	21.46		32.65	
Bad Debts recovered	0.96	27.18	1.31	37.48
2. Interest on				
(Note No.11 in Sch.17)				
Loans & Advances	0.38		0.84	
Deposit with Bank	0.43	0.81	0.91	1.75
3. Profit on Disposal of Fixed Assets				
		<u>12.65</u>		<u>10.68</u>
		<u>40.64</u>		<u>49.91</u>
Schedule 15				
MATERIALS CONSUMED				
Commencing Stock				
Raw Materials	204.30		187.59	
Finished Goods	169.70		250.79	
Intermediates	53.97		59.44	
Containers	11.34	439.31	9.89	507.71
Add: Purchases				
Raw Materials	3196.08		2,519.02	
Finished Goods (Note No.15(iii) in Sch.17)	250.28		172.02	
Containers	272.99	3719.35	219.44	2910.48
Less: Closing Stock				
Raw Materials	285.81		204.30	
Finished Goods	256.76		169.70	
Intermediates	87.98		53.97	
Containers	10.93	641.48	11.34	439.31
		<u>3517.18</u>		<u>2,978.88</u>
Differential Excise Duty on Finished Goods & Intermediates		0.72		(7.16)
Inter-Factory Freight		27.31		21.81
		<u>3545.21</u>		<u>2,993.53</u>

Schedules to the Accounts

	Year ended 31st December 2008	(Rs. in Million) Year ended 31st December 2007
Schedule 16		
EXPENSES		
Salaries, Wages, Bonus & Commission	240.41	200.05
Contribution to Provident Fund & other Funds (Net) (Note No.28 of Sch.17)	41.58	5.59
Workmen & Staff Welfare Expenses	35.17	31.38
Directors' Fees	0.30	0.31
Selling Agents' Commission	46.95	51.49
Discount & Rebates	4.38	3.45
Travelling Expenses	21.47	17.02
Rent (Note No.7 in Sch.17)	20.14	19.09
Rates & Taxes	9.82	10.81
Power & Fuel	86.36	83.51
Insurance	15.74	15.86
Despatching Expenses	104.36	115.72
Miscellaneous Expenses (Note No.9 in Sch.17)	114.95	122.02
Processing Charges	13.64	13.16
Royalty	57.87	55.48
Repairs & Maintenance		
Buildings	6.40	4.94
Plant & Machinery	23.38	19.18
Others	3.44	3.29
Auditors' Remuneration (Note No.18 in Sch.17)	2.36	2.36
	848.72	774.71

Schedules to the Accounts

Schedule annexed to and forming part of Financial Statements for the year ended 31st December, 2008.

Schedule 17

NOTES TO THE FINANCIAL STATEMENTS

1. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account Rs.47,641,150 (2007 - Rs.36,771,032)

2. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- (i) Income Tax matters Rs.19,091,419 (2007 - Rs.12,014,833)
- (ii) Disputed Sales Tax, Excise Duties etc. Rs.235,548,644 (2007 - Rs.60,495,728) for which appeals before the relevant authorities are pending disposal.
- (iii) In respect of Bills Discounted Rs.88,938,247 (2007 - Rs.76,103,849)

The future cash outflow on account of above cannot be determined at this stage.

3. Secured Loans

The Company's borrowings from the Consortium of Banks are secured by:

- (i) Mortgage of immovable properties of industrial land at Plot 633 & 634 at Vatwa Industrial Estate at Ahmedabad; Transport Depot Road, Kolkata; Chandivali Farm at Mumbai; Plot C-55A Noida Phase II, U.P. (together with all structures thereon) and also by deposit of title deeds/share certificates in respect of the residential flats at Mumbai, Kolkata, Chennai and New Delhi;
- (ii) Hypothecation of movable properties of the Company, including Plant & Machinery, Spares, Stores, Tools and Accessories both present and future;
- (iii) Hypothecation of Stock-in-trade of the Company both present and future; and
- (iv) Hypothecation of Book Debts of the Company both present and future.
- (v) The Consortium of Banks shares the relevant securities on *pari passu* basis. It is, however, agreed that the banks will release the first charge in case the Company borrows in future against securities mentioned in item 3(i) above.

4. Rights Issue

On 20th November, 2007, the Company offered 2,295,179 Equity Shares with face value of Rs.10 each at premium of Rs.215 per Equity Share for an amount aggregating to Rs.516,415,275 on rights basis in the ratio of 1 fully paid Equity Share for every 3 fully paid up Equity Share held by the existing shareholders on the record date i.e. on 26th October, 2007. Finally, 2,293,440 Equity Shares have been allotted on 11th January, 2008. These shares allotted would rank *pari passu* in all respect with the existing Equity Shares.

5. Capitalization of Borrowing Cost

The Company has capitalized a sum of Rs.2,871,364 (2007 - Rs.5,047,388) towards interest on borrowing for Liquid Ink Project at Noida in accordance with Accounting Standard 16 (Borrowing Cost) issued by The Institute of Chartered Accountants of India.

Schedules to the Accounts

Schedule 17 (contd.)

6. Derivative Instruments

- (i) The Company has entered into a hedging contract for External Commercial Borrowing of USD 1 million with a Bank whereby the entire loan has been converted into a Rupee Loan at the spot rate on the date of transaction.
- (ii) Other foreign exchange currency exposures that have not been hedged by a Derivative Instrument or otherwise as at year end are as under:

Currency Exchange	As at 31st December, 2008			As at 31st December, 2007		
	Sell	Buy	Net	Sell	Buy	Net
EURO	205,709	134,226	71,483	190,483	79,878	110,605
GBP	26,410	394,990	(368,580)	11,364	164,667	(153,303)
JPY	—	51,977,886	(51,977,886)	4,925,642	82,519,647	(77,594,005)
CHF	—	—	—	—	5,455	(5,455)
USD	1,554,584	425,709	1,128,875	1,005,941	1,493,396	(487,455)

- (iii) Other foreign exchange currency exposures that have been hedged by a Derivative Instrument or otherwise as at year-end are as under:

Currency Exchange	As at 31st December, 2008			As at 31st December, 2007		
	Sell	Buy	Net	Sell	Buy	Net
JPY	—	10,000,000	(10,000,000)	—	—	—
USD	—	500,000	(500,000)	—	—	—

7. Assets Acquired under Operating Lease

- (i) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, stores, godowns etc). These leasing arrangements, which are not non-cancellable, range between 11 months and 4 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.
- (ii) The Company acquired certain assets under Operating lease, which are non-cancellable for a period of 4 years with option to renew the same for a further period at a minimum rent. Details of lease payments outstanding as at 31st December, 2008 and amount paid during the year are given below:

	Minimum Lease Payments due	
	2008 (Rs.)	2007 (Rs.)
Not later than one year	5,276,840	6,052,142
Later than one year and not later than five years	5,648,605	5,979,095
	Amount paid during the year	
Lease Payment recognised in the Profit & Loss Account	7,561,941	8,041,958

Schedules to the Accounts**Schedule 17** (contd.)

	<u>2008 (Rs.)</u>	<u>2007 (Rs.)</u>
8. Unclaimed Fixed Deposits		
Sundry Creditors include:		
(i) Unclaimed Fixed Deposits	452,000	516,000
(ii) Unclaimed interest on Fixed Deposits	104,310	133,373
9. Expenses		
Miscellaneous expenses include:		
(i) Bad Debts written off	1,830,637	10,652,224
(ii) Provision for Bad & Doubtful Debt	8,253,241	7,000,000
(iii) Fixed Assets written off	27,174	6,205,663
(iv) Exchange loss	4,841,418	—
10. Other Income		
Miscellaneous receipts include:		
(i) Fees for services rendered (Gross)	6,000,000	6,000,000
(ii) Commission received (Gross)	3,110,315	3,070,996
(iii) Discounts	2,123,809	2,171,853
(iv) Exchange gain	—	14,631,524
(v) Liability/Provision no longer required written back	2,500,000	110,000
11. Interest Income		
Interest is stated at gross		
The Income Tax deducted at source was as follows:		
Interest on Loans, Advances and Bank Deposits	301,581	97,423

12. Provision for Taxation

- (i) Provision for taxation made in these accounts is based on the profit for the current financial period including the results of the operations for the period from 1st January, 2008 to 31st March, 2008 forming part of the Assessment Year 2008-2009. Ultimate liability for taxation for the Assessment Year 2009-2010 will be determined on the basis of the profit for the last nine months of the current financial period together with that of subsequent three months upto 31st March, 2009 as one composite income.

Schedules to the Accounts

Schedule 17 (contd.)

(ii) Provision for Taxation for the year is as follows:

	2008 (Rs.)	2007 (Rs.)
Provision for Current Year	73,000,000	59,302,363
Add: Provision for Taxation short provided in earlier years	—	4,226,452
	73,000,000	63,528,815
Less: Provision for Taxation of earlier years no longer required written back	—	8,848,815
Net Provision for Taxation	73,000,000	54,680,000

13. Disclosure pursuant to Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006" is as follows:

	2008 (Rs.)	2007 (Rs.)
(i) Principal Amount remaining unpaid at the end of the year	50,973,892	22,171,313
Interest due thereon remaining unpaid as at the end of year	6,517,423	139,667
(ii) Delayed payment of principal amount paid beyond the appointed day during the year	246,295,520	13,295,393
Interest actually paid under Section 16 of the Act, during the year	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	—	—
(iv) Interest accrued at the end of the year	6,377,756	139,667
Interest remaining unpaid, out of above, as at the end of the year	6,377,756	139,667
(v) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	6,517,423	139,667

Note: This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Schedules to the Accounts

Schedule 17 (contd.)

14. Raw Materials Consumed

Class of Goods	2008		2007	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Pigments (M.T.)	6,712	965,634,498	6,006	824,130,780
Resins * (M.T.)	5,476	521,333,430	4,904	375,369,561
Oil (M.T.)	11,536	552,529,608	10,937	381,752,941
Solvents (M.T.)	9,296	561,612,025	8,732	458,799,049
Miscellaneous Chemicals (M.T.)	2,017	314,909,271	1,980	304,923,419
Rubber Blanket (Sq. Yards)	46,773	42,890,910	28,780	32,512,942
Lamination Adhesive (M.T.)	2,074	155,654,818	1,890	114,825,300
TOTAL		3,114,564,560		2,492,313,992

* Excludes Resin processed **1,985** 2,388
(in Tonnes) for own consumption
[Note No.15 (i) & (ii)]

15. Capacity, Production, Sales and Stock

(i) Capacities & Production

Class of Goods	Annual Capacity			Actual Production for Sale
	Unit	Licensed *	Installed **	
Printing Inks	Tonnes	N. A.	60,936 (43,476)	33,244 (30,998)
Synthetic Resins (+)	Tonnes	N. A.	— (—)	— (—)
Press Room Chemicals	Tonnes	N. A.	360 (216)	142 (208)
Rubber Blankets	Sq. Yards	N. A.	— (—)	15,600 (16,071)

* Under the Industrial Policy Statement dated 24th July, 1991 and the notification issued thereunder, no licensing is required for the Company's products.

** As certified by the Management.

(+) During the year, production of 1985 Tonnes (2007 - 2388 Tonnes) for own consumption.

Figures within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

(ii) Details relating to Opening Stock, Closing Stock and Turnover of Manufactured Items:

Class of Goods	Opening Stock		Closing Stock		Sales	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Printing Inks (M.T.)	1,078 (1,452)	137,513,114 (194,615,646)	1,348 (1,078)	195,175,202 (137,513,114)	32,974 (31,372)	4,733,066,968 (4,116,988,859)
Synthetic Resins* (M.T.)	128 (81)	10,967,734 (6,430,057)	238 (128)	25,081,995 (10,967,734)	— (2)	— (288,632)
Press Room Chemicals (M.T.)	13 (14)	899,398 (1,014,607)	16 (13)	1,360,527 (899,398)	139 (208)	16,620,115 (21,806,043)
Rubber Blankets (Sq.Yd.)	611 (1,520)	1,056,285 (3,631,707)	1460 (611)	4,356,312 (1,056,284)	14,751 (16,980)	59,650,089 (61,656,135)
Lamination Adhesive** (M.T.)	48 (82)	4,181,239 (8,127,720)	85 (48)	9,011,257 (4,181,239)	1,737 (1,371)	231,966,074 (179,528,366)
Total	— (—)	154,617,770 (213,819,737)	— (—)	234,985,293 (154,617,769)	— (—)	5,041,303,246 (4,380,268,035)

* Relate to resins processed for the Company for own consumption and for sale.

** The entire processing of Lamination Adhesive is done on behalf of the Company by DIC Coatings India Limited, as a job worker pursuant to an agreement with effect from May, 2006.

Figures within brackets relate to previous year.

(iii) Stock, Purchase and Sale of Goods traded in:

Class of Goods	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Press Aids	Ltrs.	101,252 (129,586)	9,433,499 (13,336,408)	816,583 (628,422)	69,657,092 (55,910,918)	779,357 (656,756)	95,738,777 (77,379,605)	138,478 (101,252)	13,811,541 (9,433,499)
Rubber Blankets	Sq. Yards	24 (815)	129,724 (2,584,921)	8 (245)	14,359 (2,427,408)	32 (1,036)	137,000 (5,684,534)	— (24)	— (129,724)
Machine	Nos.	— —	— —	3 (8)	1,143,750 (2,486,250)	3 (8)	1,172,875 (2,388,153)	— —	— —
Printing Inks	Kgs.	55,041 (101,355)	16,302,467 (27,007,999)	666,029 (396,571)	173,590,342 (104,054,106)	602,893 (442,885)	185,046,494 (141,262,459)	118,177 (55,041)	33,043,669 (16,302,467)
Others	M.T.	1 (5)	181,560 (469,832)	47 (57)	5,876,545 (7,142,280)	48 (61)	8,472,080 (10,132,035)	— (1)	— (181,560)
Total			26,047,250 (43,399,160)		250,282,088 (172,020,962)		290,567,226 (236,846,786)		46,855,210 (26,047,250)

Figures within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

16. Directors' Remuneration

(i) Directors' Remuneration included in Schedule 16

	<u>2008 (Rs.)</u>	<u>2007 (Rs.)</u>
Salary	3,517,500	2,078,109
Commission	712,500	666,576
Management Allowance	3,195,000	2,097,043
Contribution to Provident and other funds	2,096,889	837,089
Performance Bonus	2,933,400	2,407,500
Estimated Value of Perquisites	4,335,843	2,232,635
Sitting Fees	302,000	314,000
	<u>17,093,132</u>	<u>10,632,952</u>

(ii) Computation of Net Profit and Directors' Commission

Profit as per Profit & Loss Account	231,480,540	167,150,829
Add: Amount paid under Voluntary Retirement Scheme	6,356,517	2,811,200
Add: Depreciation as per books	66,487,269	62,225,949
	<u>304,324,326</u>	<u>232,187,978</u>
Less: Depreciation under Section 350 of Companies Act, 1956	58,974,135	55,984,785
	<u>245,350,191</u>	<u>176,203,193</u>
Less: Profit/(Loss) on disposal of Fixed Assets as per books	12,649,788	10,680,375
	<u>232,700,403</u>	<u>165,522,818</u>
Add: Profit/(Loss) on disposal of Fixed Assets under Section 350 of the Companies Act, 1956	11,204,168	10,453,529
	<u>243,904,571</u>	<u>175,976,347</u>
Add: Provision for Bad & Doubtful Debts	8,253,241	7,000,000
	<u>252,157,812</u>	<u>182,976,347</u>
Add: Directors' Remuneration	17,093,132	10,632,952
	<u>269,250,944</u>	<u>193,609,299</u>
Profit for computation of Directors' Remuneration Commission thereon:	269,250,944	193,609,299
@ 1% to Chairman & Chief Executive Officer	—	—
@ 1% to Wholetime Director	—	—
@ 1% to Resident Indian Non Wholetime Directors	2,692,509	1,936,093
Restricted to a maximum amount payable to Chairman & Chief Executive Officer	—	—
Wholetime Director	—	—
Resident Indian Non-Wholetime Directors	712,500	666,576

Schedules to the Accounts

Schedule 17 (contd.)

	<u>2008 (Rs.)</u>	<u>2007 (Rs.)</u>
17. Consumption of Stores and Spares		
Total consumption of stores & spare parts Rs.58,163,135 (2007 - Rs.45,802,088) includes for:		
(i) Repairs to Plant & Machinery	10,631,692	8,525,265
(ii) Miscellaneous Expenses	14,784,046	13,451,093
(iii) Power & Fuel	32,747,397	23,825,730
	<u>58,163,135</u>	<u>45,802,088</u>
18. Aggregate amount paid/payable to Auditors		
Audit Fees	800,000	800,000
Other Matter	1,495,000	3,495,000
Out of Pocket Expenses	60,000	60,000
Total	<u>2,355,000</u>	<u>4,355,000</u>
19. Interest on Fixed Period Loans		
Interest includes Interest on Fixed Period Loans	35,345,890	55,747,250
20. C.I.F Value of Imports		
For Raw Material	1,095,097,701	696,843,684
For Spares Parts	4,731,752	4,753,327
For Capital Goods	22,447,296	40,359,277
For Goods traded in	176,887,424	120,909,191
21. Expenditure in Foreign Currencies (on remittance basis)		
Royalty (Net of Tax)	22,407,721	36,836,151
Others	11,379,106	10,517,550

Schedules to the Accounts

Schedule 17 (contd.)

22. Details Relating to Consumption

	2008		2007	
	Value (Rs.)	% of Total Consumption	Value (Rs.)	% of Total Consumption
(i) Raw Materials				
Imported (at landed cost)	1,112,631,440	35.72	812,821,724	32.61
Indigenous	2,001,933,120	64.28	1,679,492,268	67.39
Total	3,114,564,560	100.00	2,492,313,992	100.00
(ii) Stores & Spare Parts				
Imported (at landed cost)	6,396,607	10.99	3,600,281	7.86
Indigenous	51,766,528	89.01	42,201,807	92.14
Total	58,163,135	100.00	45,802,088	100.00

23. Amount Remitted during the year in Foreign Currency on Account of Dividend

	2008 (Rs.)	2007 (Rs.)
Amount Remitted	23,051,270	15,847,608
Year to which dividend relates	31.12.2007	31.12.2006
Number of Non-Resident Shareholders	1	1
Number of Shares held by Non-Resident Shareholders to which the dividends are related	6,586,077	4,527,888

24. Earnings in Foreign Exchange during the year

	2008 (Rs.)	2007 (Rs.)
Export of goods on FOB basis	297,477,890	231,474,884
Others (on receipt basis)	4,738,069	2,475,854

25. Expenditure on Research and Development for the purpose of Section 35 (2AB) of the Income Tax Act, 1961

	2008 (Rs.)	2007 (Rs.)	2006 (Rs.)	2005 (Rs.)
Revenue Expenditure includes on account of Research & Development	17,032,450	15,177,735	15,207,317	14,034,709
Capital Expenditure includes on account of Research & Development	1,337,934	988,497	3,845,978	2,132,004

Schedules to the Accounts

Schedule 17 (contd.)

26. Related Parties disclosure pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India

(i) Names of Related Parties

(a) **Holding Company**

DIC Asia Pacific Pte Ltd., Singapore

(b) **Ultimate Holding Company** (as certified by the Management)

DIC Corporation, Japan

(c) **Subsidiaries**

DIC Coatings India Limited

Rohit (Printing Inks and Paints) Industries Pvt. Limited (till 31st March, 2007)

(d) **Fellow Subsidiaries** (as certified by the Management)

Aekyung Chemical Co. Ltd.	DIC Bayer Polymer Ltd.
Allmake Rollers Ltd.	DIC Berlin GmbH R & D Laboratory
Bridgestone REI Komposit Sdn. Bhd.	DIC Capital Corp.
Camus Water Technologies LLC	DIC Career Co. Ltd.
Changzhou Huari New Material Co., Ltd.	DIC Coatings S.L.
Chia Lung Chemical Industrial Corp.	DIC Color (Thailand) Co., Ltd.
Coates Brothers (Caribbean) Ltd.	DIC Color Coating, Inc.
Coates Brothers (East Africa) Ltd.	DIC Colorants Inc.
Coates Brothers (South Africa) Limited.	DIC Colorants Taiwan Co. Ltd.
Coates Brothers (West Africa) Ltd.	DIC Colour & Design Co. Ltd.
Coates Brothers (Zambia) Ltd. (formerly: Coates Zambia Ltd.)	DIC Compounds (Malaysia) Sdn. Bhd.
Coates Brothers (Zimbabwe) Private Ltd.	DIC EP Inc.
Coates Lorilleux Murekkep Ve Kimya San.Tic.A.S.	DIC Epoxy (Malaysia) Sdn. Bhd.
Coates Screen Inks GmbH.	DIC Europe GmbH
Coates Thailand Ltd.	DIC Express Co. Ltd.
CST Grafiska AB	DIC Filtec Inc.
Dainichi Building Materials, Inc.	DIC Fine Chemicals Private Limited
Dainippon Ink & Chemicals (HK) Ltd.	DIC Global Logistics Co. Ltd.
Dainippon Ink & Chemicals (Philippines) Inc.	DIC Graphics (Guangzhou) Ltd.
Ink & Chemicals (Thailand) Co. Ltd.	DIC Graphics (Hong Kong) Ltd.
Dainippon Ink Eco-Engineering Co. Ltd.	DIC Graphics (Shenzhen) Ltd.
Deqing DIC Synthetic Resins Ltd.	DIC Holdings Austria GmbH
DH Material Inc.	DIC Holdings B.V.
DIC Logistics China Co. Ltd.	DIC Imaging Products U.S.A., LLC
DIC (MALAYSIA) Sdn. Bhd.	DIC India Ltd.
DIC (Taiwan) Ltd.	DIC Information Service Inc.
DIC (Vietnam) Co., Ltd.	DIC Interior Co. Ltd.
DIC Alkylphenol Singapore Pte. Ltd.	DIC International (Thailand) Co. Ltd.
DIC Americas Inc.	DIC International (USA) LLC
DIC Australia Pty. Ltd	DIC International Chemicals(S) Pte. Ltd.
	DIC Investments Japan Inc.

Schedules to the Accounts

Schedule 17 (contd.)

DIC Korea Corp.	Lorilleux Maroc S.A.
DIC Lanka (Private) Ltd.	Mizushima Kasozai Inc.
DIC Lifetec Co. Ltd.	Mondis Manufacturers Insurance Company N.V.
DIC Machinery & Printer's Supplies Inc.	Nantong DIC Color Co. Ltd.
DIC New Zealand Ltd	New England Manufacturers Insurance Corp.
DIC Pakistan Ltd.	Nichiei Development Co. Ltd.
DIC Performance Resins GmbH	Nichiei Plastics Inc.
DIC Plapallet Pte., Ltd.	Nihon Packaging Material Co. Ltd.
DIC Plastics Inc.	Nippon Decor Inc.
DIC Precision Corp.	Nippon Epoxy Resin Manufacturing Co. Ltd.
DIC Space Amenity Co. Ltd.	Nippon Plapallet Co.
DIC Synthetic Resins (Zhongshan) Co. Ltd.	Nishinohon Butylphenol Inc.
DIC Technologies Ltd.	Oxirane Chemical Corp.
DIC Technology Corp.	P.T. DIC Astra Chemicals
DIC Zhangjiagang Chemicals Co. Ltd.	P.T. Pardic Jaya Chemicals
DIC (China) Co. Ltd.	Parker Williams Design Ltd.
Earthrise Nutritionals LLC	PT. DIC Graphics
ECG Holdings Ltd.	Qingdao DIC Finechemicals Co. Ltd.
Eques Coatings B.V.	Qingdao DIC Liquid Crystal Co. Ltd.
Eques Coatings C.V.	Renaissance Inc.
European Manufacturers Insurance Co.Ltd.	Rycoline Products LLC
Fuji Label Co. Ltd.	Samling Housing Products Sdn. Bhd.
General Printing Ink Corp.	SC Funding LLC
Gibbon Finecal Ltd.	Seiko PMC (Shanghai) Commerce & Trading Corp.
Glenside Properties Limited	Seiko PMC (Zhangjiagang) Corp.
Guangzhou DIC International Co. Ltd.	Seiko PMC Corp.
Gunma Kosoku Offset Inc.	Shanghai DIC Ink Co. Ltd.
Hainan DIC Microalgae Co. Ltd.	Shanghai DIC International Trading Co. Ltd.
Hamamatsu Dainippon Ink Hanbai Inc.	Shanghai DIC Pressure-sensitive Adhesive Materials Co. Ltd.
Hartman d.o.o.	Shanghai Long Feng Food Additives Co. Ltd.
Hartmann Druckfarben GmbH	Shanghai Showa Highpolymer Co. Ltd.
Hartmann-Sun Chemical EOOD	Shenzhen Coates Lorilleux Chemicals Ltd.
IMS Concepts S.A./N.V.	Shenzhen-DIC Co. Ltd.
Inmobiliaria Sunchem S.A. de C.V.	Shin DIC Kako Co. Ltd.
Interbak Ambalaj Sanayii Ve Ticaret Anonim Sirketi (Interbak AS)	Shin Nihon Kasei Inc.
Japan Fine Coatings Inc.	Siam Algae Co. Ltd.
Japan Formalin Company Inc.	Siam Chemical Industry Co. Ltd.
Japan Vilene Co. Ltd.	Sinclair del Centro America S.A.
Kangam Chemical Co. Ltd.	Sinclair S.A.
Kitanohon DIC Co. Ltd.	Societe Fonciere de la Manche
Kyodo Printing Co.(S'pore) Pte. Ltd.	Sun Chemical (Chile) S.A.
Kyushu Polymer Co. Ltd.	Sun Chemical (Colores) S.A. de C.V.
Lidye Chemical Co. Ltd.	Sun Chemical A/S (Denmark)

Schedules to the Accounts

Schedule 17 (contd.)

Sun Chemical A/S (formerly:Coates Lorilleux A/S) (Norway)	Sun Chemical S.A.
Sun Chemical AB	Sun Chemical S.A. de C.V.
Sun Chemical AG	Sun Chemical S.A.S
Sun Chemical AG (S.A., Ltd.)	Sun Chemical s.r.l.
Sun Chemical B.V.	Sun Chemical Sp (z.o.o)
Sun Chemical Central Europe Beteiligungs GmbH	(formerly:Sun Chemical Sp (z.o.o) Ltd.)
Sun Chemical Central Europe Holding & Co. KG	Sun Chemical Ukraine Limited
Sun Chemical Corp.	Sun Chemical Zagreb d.o.o.
Sun Chemical de Centro America S.A. de C.V.	Sun Chemical ZAO
Sun Chemical de Panama S.A.	Sun Chemical, d.o.o.e.l.
Sun Chemical do Brasil Ltda.	Sun Chemical, S.r.o. (Czech Republic)
Sun Chemical Group B.V.	Sun Chemical, S.r.o. (Slovakia)
Sun Chemical Group S.p.A.	SUNDIC Incorporated
Sun Chemical Holding B.V.	Suzhou Lintong Dyestuff Chemical Co. Ltd.
Sun Chemical Holding GmbH	Taiyuan Coates Lorilleux Chemicals Limited.
Sun Chemical Ink Ireland	Techno Science Inc.
Sun Chemical Inks A/S	TFE Company Ltd.
Sun Chemical Inks S.A.	Tien Lee Hong Co. Ltd.
Sun Chemical Investments LLC	Tintas S.A.
Sun Chemical Lasfelde GmbH	TOA-DIC Zhangjiagang Chemicals Co. Ltd.
Sun Chemical Ltd. (Canada)	TOPIC.Co. Ltd.
Sun Chemical Ltd. (U.K.)	Tsuruga Chemicals Service Co.
Sun Chemical Management L.L.C.	Tsuruga Terminals Co.
Sun Chemical Murekkep ve Kimya Sanayi ve Ticaret A.S.	Watt Gilchrist Ltd.
Sun Chemical N.V./S.A.	Weesp Finance C.V.
Sun Chemical Nyomdafestek Kereskedelmi Es Gyatro KFT (Sun Chemical KFT)	Weesp Unlimited
Sun Chemical of Michigan LLC,	Wuxi DIC Epoxy Co. Ltd.
Sun Chemical Osterode Druckfarben GmbH	YD Plastics Co. Ltd.
Sun Chemical Oy	Yunnan DIC Ink Co. Ltd.
Sun Chemical Pigments S.L. (formerly:Coates Lorilleux S.A.)	Zhaoqing DIC Gum Rosins Ltd.
Sun Chemical Portugal-Tintas Graficas Ltda.	Zhongshan DIC Colour Co. Ltd.
Sun Chemical Printing Ink d.o.o.	

(e) Key Management Personnel

(i) Dr P K Dutt	–	Chairman & Chief Executive Officer
(ii) Mr A D Chatterjee	–	Wholetime Director
(iii) Mr S Bhaumik	–	Wholetime Director

Schedules to the Accounts

Schedule 17 (contd.)

ii) Disclosure of transactions between the group and related parties and the status of the outstanding balances (Figures in Rupees)

Nature of Transactions	Ultimate Holding Company	Holding Company	Subsidiary	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods/Fixed Assets	142,795,640 (85,017,385)	13,197,812 (27,737,459)	1,963,259 (648,000)	261,380,062 (121,604,037)	— (—)	419,336,773 (235,006,881)
Sale of Goods/Fixed Assets	— (1,189,938)	— (—)	1,475,561 (2,453,166)	106,533,171 (61,216,898)	— (—)	108,008,732 (64,860,002)
Rendering of services	1,175,634 (2,440,426)	— (—)	6,352,801 (6,314,160)	— (8,027)	— (—)	7,528,435 (8,762,613)
Receiving of services	— (—)	— (—)	— (—)	— (416,209)	— (—)	— (416,209)
Royalty paid/payable	278,227 (231,698)	58,740,384 (55,244,899)	— (—)	— (—)	— (—)	59,018,611 (55,476,597)
Dividend paid/payable	— (—)	23,051,270 (15,847,608)	— (—)	— (—)	1,165 (350)	23,052,435 (15,847,958)
Remuneration paid/payable	— (—)	— (—)	— (—)	— (—)	16,078,632 (9,652,376)	16,078,632 (9,652,376)
Expenses incurred by the Company on behalf of the Group/Subsidiary	— (—)	511,330 (1,214,473)	19,875,366 (29,008,869)	1,328,249 (543,784)	— (—)	21,714,945 (30,767,126)
Expenses incurred by the Group/ Subsidiary on behalf of the Company	— (—)	— (—)	67,720 (120,566)	— (—)	— (—)	67,720 (120,566)
Interest charges	— (—)	2,881,590 (2,418,517)	825,138 (1,215,494)	— (—)	— (—)	3,706,728 (3,634,011)
Processing charges	— (—)	— (—)	11,508,560 (10,888,674)	— (—)	— (—)	11,508,560 (10,888,674)
Outstanding on Account of:						
Purchase of goods	34,590,237 (33,830,835)	7,905,472 (8,888,136)	— (—)	35,954,956 (16,414,557)	— (—)	78,450,665 (59,133,528)
Sale of goods	— (—)	— (—)	— (—)	30,257,961 (18,888,863)	— (—)	30,257,961 (18,888,863)
Royalty	270,404 (231,698)	81,460,383 (53,324,193)	— (—)	— (—)	— (—)	81,730,787 (53,555,891)
Rendering of services	— (1,692,323)	— (—)	— (—)	— (—)	— (—)	— (1,692,323)
Receiving of services	— (—)	— (—)	— (—)	— (342,825)	— (—)	— (342,825)
Loan accepted	— (—)	47,345,210 (47,893,692)	10,000,000 (—)	— (—)	— (—)	57,345,210 (47,893,692)
Loans/Advances granted	— (—)	— (—)	360,861 (2,431,272)	622,331 (321,041)	— (—)	983,192 (2,752,313)
Remuneration Payable (Net of Advance)	— (—)	— (—)	— (—)	— (—)	1,748,648 (22,682)	1,748,648 (22,682)

Schedules to the Accounts

Schedule 17 (contd.)

27. Segmental Reporting

Based on the guiding principles given in the Accounting Standard on Segmental Reporting (AS -17) issued by the "Institute of Chartered Accountants of India", the financial information about the primary business segment is as under:

	Printing Ink		Adhesive		Total	
	2008	2007	2008	2007	2008	2007
REVENUE						
External Sales	4,510,918,254	3,849,797,836	208,367,438	188,831,888	4,719,285,692	4,038,629,724
Total Revenue	4,510,918,254	3,849,797,836	208,367,438	188,831,888	4,719,285,692	4,038,629,724
RESULTS						
Segment/Operating Results	285,518,495	236,927,142	26,919,103	28,314,226	312,437,598	265,241,368
Unallocable Expenses	—	—	—	—	(18,397,627)	(12,627,964)
Interest Expenses	—	—	—	—	(62,559,431)	(85,462,575)
Provision for Tax [including Deferred Tax]	—	—	—	—	(80,545,255)	(57,915,130)
Net Profit	285,518,495	236,927,142	26,919,103	28,314,226	150,935,285	109,235,699
OTHER INFORMATION						
Segment Assets	2,968,365,327	2,508,318,693	82,999,391	93,885,175	3,051,364,720	2,602,203,868
Un-allocable Assets	—	—	—	—	179,219,801	199,720,863
Total Assets	2,968,365,327	2,508,318,693	82,999,391	93,885,175	3,230,584,521	2,801,924,731
Segment Liabilities	845,438,754	820,747,902	6,403,002	10,642,108	851,841,756	831,390,010
Un-allocable Liabilities & Provisions	—	—	—	—	2,378,742,765	1,970,534,721
Total Liabilities	845,438,754	820,747,902	6,403,002	10,642,108	3,230,584,521	2,801,924,731
Depreciation	71,947,217	67,688,148	—	—	71,947,217	67,688,148
Un-allocable Depreciation	—	—	—	—	—	—
Total Depreciation	71,947,217	67,688,148	—	—	71,947,217	67,688,148
Capital Expenditure including CWIP	—	—	—	—	140,593,678	222,850,268

28. Retirement Benefit

- (i) The Company operates Defined Contribution Schemes like Provident Fund and Superannuation schemes. Contributions to Provident Fund are made by the Company, based on current salaries, to recognised funds maintained by the Company. In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes is applicable for certain categories of employees and the contribution by the Company is invested with Insurance Companies.

The Company also operates Defined Benefit Schemes like Retirement Gratuity, Defined Pension Benefits and post Retirement Benefits. The Company has its own recognised Gratuity Fund and all contribution are given to the Fund for investment, however liability in the accounts have been provided as per actuarial valuation. The pension benefits offer specified benefits to certain categories of employees on retirement. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (revised 2005) on Employees Benefits. Post Retirement Benefit is given in the form of a fixed amount to certain category of employees on resignation/retirement subject to a minimum service period.

The Company also pays the amount due on accumulated leave on retirement. The liability under this scheme is also actuarially valued and provided for in the accounts.

- (ii) The Company has decided to discontinue the Defined Pension Benefit Scheme with effect from 1st May 2009 and all the employees who were erstwhile member of the Defined Pension Benefit Scheme will be brought under the Defined Contribution Scheme for benefit provisions under the Pension plan. The present value of benefit obligation on 31st December, 2008 is calculated by discounting the present value of crystallized pension as at 30th April, 2009. The necessary changes in the deed/documentation and approval process from the Government Authorities for the change are in the process.

Schedules to the Accounts

Schedule 17 (contd.)

Amounts recognized in the Balance Sheet are as follows:

(Rs. in Lakhs)

	Year	Pension (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present value of defined benefit obligation	2008	868.83	111.38	453.39	43.52
	2007	755.87	98.99	437.50	41.10
Fair value of plan assets	2008	1074.03	—	458.98	—
	2007	1088.23	—	441.19	—
Present value of unfunded obligation	2008	205.20	(111.38)	5.59	(43.52)
	2007	332.36	(98.99)	3.69	(41.10)
Unrecognized past service cost	2008	—	—	—	—
	2007	—	—	—	5.03
Net Asset/Liability	2008	205.20	(111.38)	5.59	(43.52)
	2007	332.36	(98.99)	3.69	(36.07)

Amounts recognized in the Profit & Loss Account are as follows:

(Rs. in lakhs)

	Year	Pension	Leave Encashment	Gratuity	Retirement Benefit
Current service cost	2008	—	4.51	30.47	2.41
	2007	89.21	11.62	23.84	1.00
Interest on obligation	2008	56.46	7.00	32.67	3.18
	2007	74.40	7.87	33.84	1.54
Expected return on plan assets	2008	(84.11)	—	(35.57)	—
	2007	(84.05)	—	(35.61)	—
Net Actuarial loss/(gain) recognized during the year	2008	211.66	19.35	34.89	2.33
	2007	(228.85)	(0.27)	17.27	(0.05)
Curtailment cost	2008	(38.71)	—	—	—
	2007	—	—	—	—
Past service cost	2008	—	—	—	5.03
	2007	0.72	—	(7.23)	16.40
Total	2008	145.30	30.86	62.46	12.95
	2007	(148.57)	19.22	32.11	18.89

Reconciliation of opening and closing balances of the present value of the obligations:

(Rs. in lakhs)

	Year	Pension	Leave Encashment	Gratuity	Retirement Benefit
Opening defined benefit obligation	2008	755.87	99.02	437.50	41.10
	2007	999.35	105.43	452.11	21.43
Current service cost	2008	—	4.51	30.47	2.41
	2007	89.21	11.62	23.84	1.00
Interest cost	2008	56.46	7.00	32.67	3.18
	2007	74.40	7.87	33.84	1.54
Actuarial loss/(gain)	2008	212.98	19.35	21.20	2.33
	2007	(223.84)	(0.27)	13.79	(0.05)
Curtailment cost	2008	(38.71)	—	—	—
	2007	—	—	—	—
Plan amendments	2008	—	—	—	—
	2007	0.72	—	(7.23)	21.43
Benefit paid	2008	(117.77)	(18.50)	(68.45)	(5.50)
	2007	(183.97)	(25.66)	(78.85)	(4.25)
Closing Defined Benefit Obligation	2008	868.83	111.38	453.39	43.52
	2007	755.87	98.99	437.50	41.10

Schedules to the Accounts

Schedule 17 (contd.)

Reconciliation of opening and closing balances of the Fair Value of Plan Assets: (Rs. in lakhs)

	Year	Pension	Leave Encashment	Gratuity	Retirement Benefit
Opening fair value of plan assets	2008	1088.23	—	441.25	—
	2007	1102.05	—	448.97	—
Expected return on plan assets	2008	84.11	—	35.57	—
	2007	84.05	—	35.61	—
Actuarial gain/(loss)	2008	1.32	—	(13.69)	—
	2007	5.01	—	(3.48)	—
Contribution by employer	2008	18.14	18.50	64.30	5.50
	2007	81.09	25.66	38.91	4.25
Benefit paid	2008	(117.77)	(18.50)	(68.45)	(5.50)
	2007	(183.97)	(25.66)	(78.85)	(4.25)
Closing fair value of plan assets	2008	1074.03	—	458.98	—
	2007	1088.23	—	441.19	—

Major Categories of Plan Assets as a percentage of Fair Value of the total Plan Assets:

	Year	Pension	Gratuity
Government of India Securities	2008	53%	49%
	2007	58%	53%
PSU Bonds/State Securities	2008	22%	18%
	2007	24%	22%
Insurance Managed Funds	2008	25%	33%
	2007	18%	25%
Total	2008	100%	100%
	2007	100%	100%

Principal Actuarial assumptions used :

	2008	2007
Discount Rates	7.20%	8.10% (Pension, Leave Encashment, Gratuity), 8.30% for Retirement Benefit
Expected rate of return on plan assets	8.10%	9%
Expected salary increase rates	5% and Nil for pension.	5%
Mortality rates	LIC (1994-96) ultimate	LIC (1994-96) ultimate

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority, supply and demand in the employment market etc. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

Amount recognized as an expense:

Contribution to Provident and other Funds in Schedule 16 includes Gratuity of Rs.6,246,000 (2007: Rs.3,211,000) and contribution to Defined Benefit Pension Plan Rs.16,069,473 [2007: Rs.(12,767,250)].

Contribution to provident and other funds in Schedule 16 includes contribution to Defined Contribution Plans like Provident and Superannuation Fund amounting to Rs.19,260,885 (2007: Rs.15,151,119).

29. Earnings per Share

Particulars	2008	2007
Profit/(Loss) after Tax (Rs.)	150,935,285	109,235,699
Total (A)	150,935,285	109,235,699
Basic Earnings per Share		
Weighted Average No. of Shares (B)	9,116,143	6,885,537
Earning per Share - Basic (A/B) (Rs.)	16.56	15.86
Diluted Earnings Per Share		
Weighted Average No. of Shares (C)	9,116,143	6,960,938
Earning per Share -Diluted = [(A/C)] (Rs.)	16.56	15.69

30. Previous years' figures have been regrouped/rearranged wherever considered necessary.

Schedules to the Accounts

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared to comply with all material aspects in all the applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

FIXED ASSETS

- Fixed Assets are stated at their original cost (including cost incidental to acquisition) less depreciation.
- Loss on scrapping of Fixed Assets and profit or loss on sale of Fixed Assets are included in the Profit & Loss Account and calculated as the difference between the value realized and the book value.

Depreciation is provided in accordance with Section 205 read with Schedule XIV to the Companies Act, 1956(Act), in the following manner:

- (i) On Plant and Machinery and Computers added during the period from 1st November, 1977 to 31st October, 1987 on Straight Line Method, on the basis of specified period (within the meaning of Section 205(2)(b) of the Act) determined in the year of acquisition, at rates prescribed under the Income Tax Act, 1961 and rules framed thereunder, as was in force during the relevant financial year.
- (ii) On Plant and Machinery added from 1st November, 1987, on Straight Line Method at rates specified in Schedule XIV to the Act as existing at the time of capitalization.
- (iii) On Silos included in Plant and Machinery added from 1st January, 2006, on Straight Line Method @ 20%.
- (iv) On Research Equipment added from 1st January, 2003, on Straight Line Method @ 25%.
- (v) On Airconditioners, on Written Down Value Method @ 13.91%.
- (vi) On Computers added from 1st November, 1987, on Straight Line Method @ 25%.
- (vii) On all other assets, on Written Down Value Method, at rates specified in Schedule XIV to the Act.
- (viii) All assets costing Rs.5,000 or less are fully depreciated in the year of additions.
- (ix) In respect of assets acquired, sold or discarded during the period, prorated depreciation, for the period during which each such asset was in use, after rounding off part of the month to the whole month.
- (x) Leasehold Land is amortized over the period of the lease and freehold land is not depreciated.

Cash generating units/assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, recognised as an expense in the Profit & Loss Account.

INTANGIBLE ASSETS

Intangible Assets are recognised only when future economic benefits attributable to the assets will flow to the enterprises and cost can be measured reliably and are being amortized in equal instalments over its useful life of four years.

ASSETS ACQUIRED UNDER LEASE

For assets acquired under operating lease, rentals payable are charged to Profit & Loss Account.

Schedules to the Accounts

Schedule 18 (contd.)

INVENTORIES

Inventories are valued using weighted average cost formula and are valued at the lower of cost and net realizable value.

In respect of finished goods, cost, which comprises of expenditure incurred in the normal course of business in bringing inventories to their location and condition including relevant overheads, is calculated on bases appropriate to the business carried on by the Company. Excise Duty payable on finished goods lying in the factory of manufacture are included in the value of closing stock after creating suitable provision for the liability.

In respect of Intermediates, cost includes attributable production overheads.

Cost for raw material includes expenditure incurred in the normal course of business in bringing inventories to their present location. Customs Duty payable for materials cleared from port but kept in bonded warehouse are included in the value of closing stock after creating suitable provision for liability.

INVESTMENTS

Long term investments are stated at cost, and where applicable, provision is made against diminution in value. Profit or Loss on sale of investment are included in the Profit & Loss Account and calculated as the difference between the net proceeds realised and the book value. Dividends are accounted for in the year in which it is received.

RETIREMENT/TERMINAL BENEFITS

- a) Contribution to Defined Contribution Superannuation Scheme and Provident Fund are recognized in the Profit & Loss account on accrual basis. Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the trust are not lower than the statutory rate of interest declared by the Central Government and shortfall, if any, shall be made good by the Company. Contribution to Superannuation Scheme are made to a separate fund administered by an Insurance Company.
- b) The following are the Defined Benefit Obligation and are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries:
 - (i) liability for Gratuity;
 - (ii) expected annual cost of providing pension to management staff as per respective conditions of their employment;
 - (iii) liability accrued during the year in respect of retirement/terminal benefit payable to certain employees governed by agreement with the Union/representing them;
 - (iv) liability accrued upto the close of the year for encashment of leave not availed by the management staff as stipulated in their respective terms of employment.
- c) Actuarial gains or losses are charged to Profit & Loss Account.
- d) As per service rules, part of the leave accrued during the year are accounted for on accrual basis and charged to Profit & Loss Account as a short term benefit.
- e) Terminal Benefits are recognized as expense as and when incurred.

Schedules to the Accounts

Schedule 18 (contd.)

SALES

Sales are recognized when goods are supplied in accordance with the terms of the sale and are inclusive of excise duty and net of turnover discount.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for in the following manner:

- (a) In case of forward exchange contract the premium or discount arising at the inception of a such contract is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of Profit & Loss in reporting period in which the exchange rates changed. Profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the period.
- (b) Foreign currency transactions not covered by forward exchange contracts are accounted for at exchange rates prevailing at the date of the transaction. Gains/losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit & Loss Account.

BORROWING COSTS

Borrowing Costs that are directly attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized till substantial completion of all the activities that are necessary for this purpose. Other borrowing costs are charged to revenue.

ACCOUNTING FOR INCOME TAX

Current tax represents the amount that otherwise would have been payable under the Income Tax Act, 1961 had this financial year been reckoned as the basis for computation of tax payable under the prevailing taxation laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Signatures to Schedules 1 to 18

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary.

Kolkata, 10th February, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

(a) Registration details

Registration No. : **15202** State Code : **21**
 Balance Sheet Date : **31st December, 2008**

(b) Capital raised during the year (Amount in Rupees thousand)

Public Issue : **Nil** Rights Issue : **Nil**
 Bonus Issue : **Nil** Private Placement : **Nil**

(c) Position of mobilisation and deployment of funds (Amount in Rupees thousand)

<i>Total Liabilities</i>		<i>Total Assets</i>	
Sources of Funds		Application of Funds	
Paid up Capital	91,790	Net Fixed Assets	745,061
Share Application	Nil	Investments	107,532
Reserves & Surplus	1,711,598	Net Current Assets	1,507,730
Secured Loan	88,730	Miscellaneous Expenditure	Nil
Unsecured Loan	408,221	Accumulated Losses	Nil
Net Deferred Tax	59,984		

(d) Performance of the Company (Amount in Rupees thousand)

Turnover	5,331,870
Total Expenditure	4,528,450
Profit/Loss before Tax	231,481
Profit/Loss after Tax	150,935
Earnings per Share (in Rs.)	
- Basic	16.56
- Diluted	16.56
Dividend Rate	35%

(e) Generic names of three principal products/services of the Company

Item Code No.	Product Description
32151100	Printing Inks
35069190	Lamination Adhesive

Cash Flow Statement

For the year ended 31st December, 2008

(Rs. in Million)

	Year Ended 31st December 2008	Year Ended 31st December 2007
A. Cash Flow from Operating Activities		
Net Profit before Interest, Tax and Extraordinary Items	294.04	252.61
Adjustments for :		
Add: Depreciation & Amortisation	71.95	67.69
Fixed Assets written off	0.03	6.21
Stores written off	—	1.35
Bad Debt written off	1.83	10.65
Provision for Bad & Doubtful Debts	8.25	7.00
Employees Benefit Scheme	1.98	0.86
Unrealised Loss on Foreign Currency	2.25	—
Provision for Wealth Tax	0.10	0.14
Less : Profit on sale of Assets	(12.65)	(10.68)
Interest Income	(0.81)	(1.75)
Unrealised Gain on Foreign Currency	—	(0.22)
Provision for diminution of Investment written back	—	(0.11)
Operating Profit before Working Capital Changes	366.97	333.75
Increase in Trade and other Receivables	(191.52)	(96.79)
Increase in Inventories	(201.90)	66.47
Increase in Trade Payables & other Liabilities	21.47	114.98
Cash Generated from Operations	(4.98)	418.41
Less : Payment of Direct Taxes	(82.12)	(56.33)
Net Cash from Operating Activities	(87.10)	362.08
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(140.15)	(220.83)
Sale of Fixed Assets	18.57	12.82
Interest Received	1.66	1.49
Net Cash Flow from Investing Activities	(119.92)	(206.52)

Cash Flow Statement (Contd.)

	Year Ended 31st December 2008	(Rs. in Million) Year Ended 31st December 2007
C. Cash Flow from Financing Activities		
Net Increase/(Decrease) in Bank Borrowings	27.84	(103.36)
Issue of Commercial Paper Loan	250.00	750.00
Repayment of Commercial Paper Loan	(250.00)	(850.00)
Acceptance of Short Term Loan from Bank	100.00	—
Repayment of Short Term Loan from Bank	—	(207.89)
Acceptance of Short Term Loan from others	3,862.50	2,870.00
Repayment of Short Term Loan from others	(3,702.50)	(2,945.00)
Interest & Discount on Issue of Commercial Paper	(64.11)	(87.04)
Dividend paid including Dividend Tax	(37.59)	(28.20)
Share Application Money received/(Excess Refunded)	(0.08)	516.11
Rights Issue Expenses	—	(8.56)
Fixed Deposit and Bank Balance of Rohit (Printing Inks & Paints) Industries Private Limited considered on amalgamation	—	16.41
Net Cash Flow from Financing Activities	186.06	(77.53)
Net increase in Cash and Cash Equivalents (A + B + C)	(20.96)	78.03
Cash and Cash Equivalents (Opening Balance)	194.41	116.38
Cash and Cash Equivalents (Closing Balance)	173.45	194.41
Notes to the Cash Flow Statements:		
1. Cash & Cash Equivalents represent:		
(a) Cash-in-hand	0.62	0.50
(b) Cheques-in-hand	134.84	108.64
(c) Balance with Banks	37.99	85.27
	173.45	194.41

2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.

3. Previous year's figures have been rearranged/regrouped, wherever necessary.

This is the cash flow statement referred to in our report of even date.

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Statement Regarding Subsidiary Company

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212(1) AND (3) OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company	Extent of Interest in the Subsidiary at the end of financial year of the subsidiary		Net aggregate amount of Subsidiary's Profits/(Losses) not dealt with in the Books of Accounts of the Holding Company - so far as it concerns the Members of the Holding Company		Net aggregate amount of Subsidiary's Profits/(Losses) dealt with in the Books of Accounts of the Holding Company - so far as it concerns the Members of the Holding Company	
	Shares held by the Company in the subsidiary	% of total paid-up capital	For the financial year/period of the subsidiary (Rs.)	For the previous financial year(s) since it became a subsidiary (Rs.)	For the financial year/period of the subsidiary (Rs.)	For the previous financial year(s) since it became a subsidiary (Rs.)
DIC COATINGS INDIA LIMITED	10,753,147 Equity Shares of Rs.10 each	100	29,784,422	33,429,267	—	—

Note: The Financial Year of Subsidiary ended on 31st December, 2008

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Auditors' Report

Auditors' Report to the Board of Directors of DIC India Limited on the Consolidated Financial Statements of DIC India Limited and its Subsidiary

We have audited the attached consolidated Balance Sheet of DIC India Limited and its subsidiary as at 31st December, 2008, the consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the management of DIC India Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 and the report of other auditor provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', on the basis of the separate audited financial statements of DIC India Limited and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statement of DIC India Limited and its aforesaid subsidiary, in our opinion, the consolidated financial statements together with the notes thereon and attached thereto give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of consolidated Balance Sheet, of the consolidated state of affairs of DIC India Limited and its subsidiary as at 31st December, 2008;
- (b) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of DIC India Limited and its subsidiary for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated Cash Flows of DIC India Limited and its subsidiary for the year ended on that date.

Place: Kolkata
Date : 10th February, 2009

PARTHA MITRA
Partner
Membership No.50553
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Balance Sheet

CONSOLIDATED BALANCE SHEET – DIC INDIA LIMITED AND SUBSIDIARY As at 31st December, 2008

				(Rs. in Million)	
	Schedule	As at 31st December 2008		As at 31st December 2007	
I SOURCES OF FUNDS					
Shareholders' Funds					
a) Capital	1	91.79		68.86	
b) Share Application Money		—		516.10	
c) Reserves & Surplus	2	<u>1,857.43</u>	1,949.22	<u>1,220.38</u>	1,805.34
Loan Funds					
a) Secured	3	88.73		60.95	
b) Unsecured	4	<u>398.23</u>	486.96	<u>147.89</u>	208.84
Deferred Taxation	13		64.48		62.84
TOTAL			<u>2,500.66</u>		<u>2,077.02</u>
II APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	5	1,285.60		1,029.46	
b) Less: Depreciation and Amortisation		<u>532.37</u>		<u>475.31</u>	
c) Net Block		753.23		554.15	
d) Capital Work-in-Progress		<u>57.72</u>	810.95	<u>182.30</u>	736.45
Investments	6		0.01		0.02
Current Assets, Loans & Advances					
a) Interest accrued on Investment		—		0.01	
b) Inventories	7	686.09		488.19	
c) Sundry Debtors	8	1,445.60		1,256.28	
d) Cash & Bank Balances	9	228.40		257.56	
e) Loans & Advances	10	<u>245.38</u>		<u>240.83</u>	
		<u>2,605.47</u>		<u>2,242.87</u>	
Less: Current Liabilities & Provisions					
a) Liabilities	11	859.91		845.27	
b) Provisions	12	<u>55.86</u>		<u>57.05</u>	
		<u>915.77</u>		<u>902.32</u>	
Net Current Assets			1,689.70		1,340.55
TOTAL			<u>2,500.66</u>		<u>2,077.02</u>
Notes to Accounts	17				
Significant Accounting Policy	18				

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Profit & Loss Account

CONSOLIDATED PROFIT & LOSS ACCOUNT – DIC INDIA LIMITED AND SUBSIDIARY For the year ended 31st December, 2008

(Rs. in Million)

	Schedule	Year ended 31st December 2008	Year ended 31st December 2007	
I INCOME				
Sales		5,827.61	5,087.20	
Less: Excise Duty		676.53	646.33	
		5,151.08	4,440.87	
Other Income	14	36.51	48.32	
		5,187.59	4,489.19	
II EXPENDITURE				
Materials Consumed	15	3,851.39	3,278.93	
Expenses	16	917.06	828.87	
Depreciation and Amortisation		79.62	73.86	
Interest (Note No.19 in Sch.17)		57.03	70.88	
Discount on Issue of Commercial Paper		5.32	14.31	
		4,910.42	4,266.85	
III PROFIT				
Profit from ordinary activities before Tax		277.17	222.34	
Less: Taxation for the year				
– Current Tax (Note No.13 in Sch.17)		88.50	73.18	
– Deferred Tax		1.63	1.34	
– Fringe Benefit Tax		5.55	5.36	79.88
		95.68		
Profit after Taxation		181.49	142.46	
Profit brought forward		552.17	458.30	
Profit available for appropriation		733.66	600.76	
IV APPROPRIATIONS				
General Reserve		15.10	11.00	
Proposed Dividend		32.13	32.13	
Add: Dividend Tax incl. Surcharge		5.46	5.46	37.59
Profit carried forward		680.97	552.17	
		733.66	600.76	
Earnings Per Share (Note No.20 in Sch.17)				
- Basic		19.91	20.69	
- Diluted		19.91	20.46	
Face Value of Equity Shares		10.00	10.00	
Notes to Accounts	17			
Significant Accounting Policy	18			

The Schedules referred to above form an integral part of the Profit & Loss Account.

This is the Profit & Loss Account referred to in our report of even date.

On behalf of the Board

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Schedules to the Consolidated Accounts

	As at 31st December 2008	(Rs. in Million) As at 31st December 2007
Schedule 1		
CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs.10 each	150.00	150.00
Issued and Subscribed		
9,178,977 (2007: 6,885,537) Equity Shares of Rs.10 each fully paid	91.79	68.86

Of the above shares:

- 1) 35,013 Shares were allotted as fully paid up pursuant to contracts without payment being received in cash,
- 2) 1 Share for cash Rs.6.67 and balance Rs.3.33 for other consideration pursuant to contracts,
- 3) 40,44,351 Shares as fully paid up Bonus Shares by capitalisation of Share Premium and General Reserve, and
- 4) 6,586,077 (2007: 4,527,888) shares are held by the Holding Company (DIC Asia Pacific Pte Limited, Singapore)

	As at 31st December 2008	(Rs. in Million) As at 31st December 2007
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve		
	0.06	—
Securities Premium Account		
As per last Account	161.72	167.37
Add: Premium on Rights Issue	493.09	—
Less: Rights Issue Expenses (Net off deferred tax)	—	5.65
	654.81	161.72
General Reserve		
As per last Account	506.49	491.08
Add: Transfer from Profit & Loss Account	15.10	11.00
Add: Transitional Provision in compliance with AS-15 (Revised)	—	7.34
	521.59	509.42
Less: Goodwill written off	—	2.93
	521.59	506.49
Profit & Loss Account		
	680.97	552.17
	1,857.43	1,220.38

Schedules to the Consolidated Accounts

(Rs. in Million)

	As at 31st December 2008	As at 31st December 2007
Schedule 3		
SECURED LOANS		
Overdrafts/Working Capital Loans		
From Banks	88.73	60.89
Add: Interest Accrued & Due (Note No.4 in Sch.17)	<u>—</u>	<u>0.06</u>
	<u>88.73</u>	<u>60.95</u>
Schedule 4		
UNSECURED LOANS		
Commercial Paper Loans	100.00	100.00
[Maximum amount outstanding at any time during the year - Rs.150,000,000 (2007 - Rs.200,000,000)]		
Short term Loan		
From Banks	100.00	—
From Others	150.00	—
Add: Interest Accrued & Due	<u>0.88</u>	<u>—</u>
From Holding Company	45.87	45.87
Add: Interest Accrued & Due	<u>1.48</u>	<u>2.02</u>
	<u>47.35</u>	<u>47.89</u>
	<u>398.23</u>	<u>147.89</u>

Schedules to the Consolidated Accounts

Schedule - 5

FIXED ASSETS

(Rs. in Million)

Particulars	Cost as at 1.1.2008	Addition during the year	Sales/ Discards/ Transfer/ Adjusted	Cost as at 31.12.2008	Depreciation				Amortisation				Net Value as at 31.12.2008	Net Value as at 31.12.2007
					As at 1.1.2008	On Sales/ Discards/ Transfer	For the Year	As at 31.12.2008	As at 1.1.2008	On Sales/ Discards/ Transfer	For the Year	As at 31.12.2008		
INTANGIBLE ASSETS														
Computer Software	20.04	—	—	20.04	—	—	—	—	5.85	—	5.01	10.86	9.18	14.19
TANGIBLE ASSETS														
Land-Freehold	9.63	—	—	9.63	—	—	—	—	—	—	—	—	9.63	9.63
Land-Leasehold	17.47	—	—	17.47	—	—	—	—	2.40	—	0.45	2.85	14.62	15.07
Buildings (**)	148.99	34.94	4.74	179.19	68.44	2.51	8.09	74.02	—	—	—	—	105.17	80.55
Plant & Machinery	740.55	238.78	14.30	965.03	332.90	10.85	57.14	379.19	—	—	—	—	585.84	407.65
Furniture & Equipment	23.96	6.60	0.09	30.47	15.40	0.07	1.79	17.12	—	—	—	—	13.35	8.56
Transport Vehicles	10.94	0.95	4.12	7.77	8.28	3.49	0.73	5.52	—	—	—	—	2.25	2.66
Computers	57.88	3.83	5.71	56.00	42.04	5.64	6.41	42.81	—	—	—	—	13.19	15.84
Total	1029.46	285.10	28.96	1285.60	467.06	22.56	74.16	518.66	8.25	—	5.46	13.71	753.23	554.15
Previous year	967.04	102.40	39.98	1029.46	427.14	28.48	68.40	467.06	2.79	0.00	5.46	8.25	554.15	

(**) Includes tenements of cost Rs.13,13,006 net value as at 31.12.2008 Rs.7,46,838 (as at 31.12.2007 Rs.786,145) allotted on lease-cum-sale basis by the Kamataka Industrial Area Development Board (KIADB) to DIC India Limited and transferred to DIC Coatings India Limited pursuant to the Scheme of arrangement.

In terms of the agreements entered into by DIC India Limited with KIADB, the lessor will fix the price of the property and transfer its title to the lessee at the end of the lease period. Although the lease period has expired, the transfer formalities are still pending.

Schedules to the Consolidated Accounts

	(Rs. in Million)
	As at
	31st December
	2008
	As at
	31st December
	2007
Schedule 6	
INVESTMENTS	
Long Term Investments	
Other than Trade	
Unquoted	
Shares of Housing Co-operative Societies:	—
* Magnum Tower Co-operative Housing Society Ltd., 10 Equity Shares of Rs.50 each fully paid (Rs.500)	—
* Sheffield Towers Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (Rs.250)	—
Apna Ghar Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (2008 - Rs.Nil, 2007 - Rs.250)	—
* Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10/- each fully paid (Rs.200)	—
Juhu Sun & Sea Co-operative Housing Society Ltd., 10 Equity Shares of Rs 50 each fully paid (2008 - Rs.Nil, 2007 - Rs.500)	—
National Saving Certificates	0.01
	0.01
	0.02
	0.02

* These Investments relate to ownership flats included in fixed assets.

Schedules to the Consolidated Accounts

	As at 31st December 2008	(Rs. in Million)	
		As at 31st December 2007	
Schedule 7			
INVENTORIES			
Stores	6.12	6.39	
Raw Materials	306.70	224.06	
Finished Goods	270.76	188.10	
Intermediates	91.30	57.01	
Containers	11.21	12.63	
	<u>686.09</u>	<u>488.19</u>	
Schedule 8			
SUNDRY DEBTORS			
Debts outstanding over six months			
Secured-Considered good	1.11	0.57	
Unsecured-Considered good	62.41	53.07	
Unsecured-Considered doubtful	16.42	7.25	
	<u>79.94</u>	<u>60.89</u>	
Less:- Provision for doubtful debts	16.42	7.25	53.64
Other Debts			
Secured-Considered good	16.72	14.07	
Unsecured-Considered good	1,365.36	1,188.57	1,202.64
	<u>1,445.60</u>	<u>1,256.28</u>	
Schedule 9			
CASH AND BANK BALANCES			
Cash-in-hand	0.65	0.54	
Cheques-in-hand	134.84	118.85	
Balances with Scheduled Banks on:			
Current Accounts	50.31	84.68	
Fixed Deposit Accounts	42.60	53.49	138.17
	<u>228.40</u>	<u>257.56</u>	

Schedules to the Consolidated Accounts

	As at 31st December 2008	(Rs. in Million)	As at 31st December 2007
Schedule 10			
LOANS AND ADVANCES			
(Unsecured-Considered good unless otherwise stated)			
Advances Recoverable in cash or in kind or for value to be received*			
Unsecured-Considered Good	153.53		160.97
Bill of Exchange	19.52		17.30
Deposits	18.13		21.10
Balances with Central Excise etc.	54.20		41.46
	245.38		240.83
* includes amount due from an Officer of the Company Rs.777,520 (2007 - Rs.891,631), maximum amount outstanding at any point of time during the year Rs.891,631 (2007 - Rs.991,627)			
* includes amount due from Directors of the Company Rs.1,326,418 (2007 - Rs.1,848,470), maximum amount outstanding at any point of time during the year Rs.1,881,270 (2007 - Rs.2,419,700)			
Schedule 11			
LIABILITIES			
Acceptances	—		20.17
Sundry Creditors			
- Total outstanding due to Micro & Small Enterprises	59.72	26.09	
- Total outstanding due to Creditors other than Micro & Small Enterprises	563.08	555.79	581.88
(Note No.14 in Sch.17)			
Interest Accrued but not due on Loans	0.22		0.12
Other Liabilities	236.89		243.10
	859.91		845.27
Schedule 12			
PROVISIONS			
Taxation [Net of advance tax payments Rs.489,952,325 (2007: Rs.497,658,912)]	1.16		4.90
Proposed Dividend	32.13	32.13	
Corporate Dividend Tax incl. Surcharge	5.46	5.46	37.59
Employees Benefit Scheme	17.11		14.56
	55.86		57.05
Schedule 13			
DEFERRED TAXATION			
Deferred Tax Asset			
Employee Separation Cost	2.38		1.01
Rights Issue Expenses	1.74		2.33
Provision for Bad and Doubtful Debts	5.58		2.46
Deferred Tax Liabilities			
Fiscal Allowance on Assets	69.01		61.51
Oracle Implementation	2.23		3.34
Employees' Benefits	2.94		3.79
	64.48		62.84

Schedules to the Consolidated Accounts

	Year ended 31st December 2008		(Rs. in Million) Year ended 31st December 2007	
Schedule 14				
OTHER INCOME				
1. Miscellaneous Income				
Sale of Containers	5.73		4.36	
Miscellaneous Receipts (Note No.11 in Sch.17)	15.11		26.62	
Bad Debts recovered	1.06	21.90	3.04	34.02
2. Interest on (Note No.12 in Sch.17)				
Loans & Advances	0.41		1.99	
Deposit with Bank	1.38		1.76	
Others	0.01	1.80	0.01	3.76
3. Profit on Disposal of Fixed Assets				
		12.81		10.54
		<u>36.51</u>		<u>48.32</u>
Schedule 15				
MATERIALS CONSUMED				
Commencing Stock				
Raw Materials	224.06		210.87	
Finished Goods	188.10		267.27	
Intermediates	57.01		63.61	
Containers	12.63	481.80	10.37	552.12
Add: Purchases				
Raw Materials	3,479.32		2,786.28	
Finished Goods	250.28		171.71	
Containers	291.93	4,021.53	235.86	3,193.85
Less: Closing Stock				
Raw Materials	306.70		224.06	
Finished Goods	270.76		188.10	
Intermediates	91.30		57.01	
Containers	11.21	679.97	12.63	481.80
		<u>3,823.36</u>		<u>3,264.17</u>
Differential Excise Duty on Intermediate & Finished Goods Stock		0.72		(7.05)
Inter-Factory Freight		27.31		21.81
		<u>3,851.39</u>		<u>3,278.93</u>

Schedules to the Consolidated Accounts

	Year ended 31st December 2008	(Rs. in Million) Year ended 31st December 2007
Schedule 16		
EXPENSES		
Salaries, Wages & Bonus	260.88	217.57
Contribution to Provident Fund & other Funds (Net) (Note No.17 in Sch.17)	41.76	6.70
Workmen & Staff Welfare Expenses	37.58	33.14
Directors' Fees	0.30	0.31
Selling Agents' Commission	48.49	52.40
Discount & Rebates	5.40	4.75
Travelling Expenses	22.73	19.50
Rent (Note No.8 in Sch.17)	21.44	20.09
Rates & Taxes	10.56	11.86
Power & Fuel	97.40	91.92
Insurance	17.22	17.57
Despatching expenses	117.29	128.46
Miscellaneous Expenses (Note No.10 in Sch.17)	137.58	134.13
Royalty	57.87	55.48
Repairs & Maintenance		
Buildings	7.52	5.89
Plant & Machinery	26.48	22.16
Others	3.49	3.68
Auditors' Remuneration	3.07	3.26
	917.06	828.87

Schedules to the Consolidated Accounts

Schedule 17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2008

1. List of Subsidiary

The consolidated Financial Statement represents consolidation of Accounts of DIC India Limited (the Company) with its subsidiary as detailed below:

Name of Company	Country of Incorporation	Proportion of Ownership	Reporting Date
DIC Coatings India Limited	India	100%	31/12/2008

2. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account Rs.47,641,150 (2007: Rs.47,571,032).

3. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- i) Disputed Income Tax, Sales Tax, Excise Duties etc. Rs.254,640,063 (2007: Rs.72,510,561) for which appeals before the relevant authorities are pending disposal.
- ii) Bank Guarantees outstanding: Rs.1,469,944 (2007: Rs. Nil)
- iii) In respect of Bills Discounted Rs.96,338,247 (2007: Rs.76,103,849)

4. Secured Loans

DIC India Limited's borrowings from the Consortium of Banks are secured by:

- i) Mortgage of immovable properties of industrial land at Plot 633 & 634 at Vatwa Industrial Estate at Ahmedabad; Transport Depot Road, Kolkata; Chandivali Farm at Mumbai; Plot C-55A Noida Phase II, U.P. (together with all structures thereon) and also by deposit of title deeds/share certificates in respect of the residential flats at Mumbai, Kolkata, Chennai and New Delhi;
- ii) Hypothecation of movable properties of the Company, including Plant & Machinery, Spares, Stores, Tools and Accessories both present and future;
- iii) Hypothecation of Stock-in-Trade of the Company both present and future; and
- iv) Hypothecation of Book Debts of the Company both present and future.
- v) The Consortium of Banks shares the relevant securities on *pari passu* basis. It is, however, agreed that the banks will release the first charge in case the Company borrows in future against securities mentioned in item 4(i) above.

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

5. Rights Issue

On 20th November, 2007, the Company offered 2,295,179 Equity Shares with face value of Rs.10 each at premium of Rs.215 per Equity Share for an amount aggregating to Rs.516,415,275 on rights basis in the ratio of 1 fully paid Equity Share for every 3 fully paid up Equity Shares held by the existing shareholders on the record date i.e. on 26th October, 2007. Finally 2,293,440 Equity Shares have been allotted on 11th January, 2008. These shares allotted would rank *pari passu* in all respect with the existing Equity Shares.

6. Capitalization of Borrowing Cost

Capital Work in Progress includes Rs.2,871,364 (2007: Rs.5,047,388) towards capitalization of interest on borrowing for Liquid Ink Project at Noida in accordance with Accounting Standard 16 (Borrowing Cost) issued by The Institute of Chartered Accountants of India.

7. Derivative Instruments

- i) DIC India Limited has entered into a hedging contract for External Commercial Borrowing of USD 1 million with a Bank whereby the entire loan has been converted into a Rupee loan at the spot rate on the date of transaction.
- ii) Other foreign exchange currency exposures that have not been hedged by a Derivative Instrument or otherwise as at year end are as under:

Currency Exchange	As at 31st December, 2008			As at 31st December, 2007		
	Sell	Buy	Net	Sell	Buy	Net
EURO	205,709	134,226	71,483	190,483	119,936	70,547
GBP	26,410	394,990	(368,580)	11,364	164,667	(153,303)
JPY	—	52,058,886	(52,058,886)	4,925,642	82,600,647	(77,675,005)
CHF	—	—	—	—	5,455	(5,455)
USD	1,554,584	425,709	1,128,875	1,005,941	1,555,496	(549,555)

- iii) Other foreign exchange currency exposures that have been hedged by a Derivative Instrument or otherwise as at year-end are as under:

Currency Exchange	As at 31st December, 2008			As at 31st December, 2007		
	Sell	Buy	Net	Sell	Buy	Net
JPY	—	10,000,000	(10,000,000)	—	—	—
USD	—	573,080	(573,080)	—	—	—

8. Assets Acquired under Operating Lease

- i) The group's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, stores, godowns etc). These leasing arrangements, which are not non-cancellable, range between 11 months and 4 years generally or longer and are

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usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.

- ii) The group acquired certain assets under Operating Lease, which are non-cancellable for a period of 4 years with option to renew the same for a further period at a minimum rent. Details of Lease payments outstanding as at 31st December, 2008 and amount paid during the year are given below:

	Minimum Lease Payments due	
	2008 (Rs.)	2007 (Rs.)
Not later than one year	5,893,888	6,509,966
Later than one year and not later than five years	6,116,353	6,322,463
		Amount paid during the year
Lease Payment recognised in the Profit & Loss Account	8,175,687	8,499,782
9. Unclaimed Fixed Deposits	2008 (Rs.)	2007 (Rs.)
Sundry Creditors include:		
(i) Unclaimed Fixed Deposits	452,000	516,000
(ii) Unclaimed interest on Fixed Deposits	104,310	133,373
10. Expenses		
Miscellaneous expenses include:		
(i) Bad debts written off	1,906,673	10,840,810
(ii) Provision for Bad & Doubtful Debt	9,268,955	7,247,860
(iii) Fixed Assets written off	27,174	6,205,663
(iv) Exchange loss	5,076,088	—
11. Other Income		
Miscellaneous Receipts include:		
(i) Commission received (Gross)	2,757,514	2,756,836
(ii) Discounts	2,123,809	2,171,853
(iii) Exchange gain	—	15,015,406
(iv) Liability/Provision no longer required written back	2,500,000	110,000
12. Interest Income		
Interest is stated at gross		
The Income Tax deducted at source was as follows:		
Interest on Loans, Advances and Bank Deposits	683,646	515,774

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

13. Provision for Taxation

- i) Provision for taxation made in the accounts of the Company and its subsidiary is based on the profit for the current financial period including the results of the operations for the period from 1st January, 2008 to 31st March, 2008 forming part of the Assessment Year 2008-2009. Ultimate liability for taxation for the Assessment Year 2009-2010 will be determined on the basis of the profit for the last nine months of the current financial period together with that of subsequent three months upto 31st March, 2009 as one composite income.
- ii) Provision for taxation for the year is as follows:

	2008 (Rs.)	2007 (Rs.)
Provision for Current Year	88,500,000	77,802,363
Add: Provision for taxation short provided in earlier years	—	4,226,452
	88,500,000	82,028,815
Less: Provision for taxation of earlier years no longer required written back	—	8,848,815
Net Provision for Taxation	88,500,000	73,180,000

14. Disclosure pursuant to Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006" is as follows:

	2008 (Rs.)	2007 (Rs.)
(i) Principal Amount remaining unpaid at the end of the year	52,983,964	26,086,610
Interest due thereon remaining unpaid as at the end of year	6,738,059	139,667
(ii) Delayed payment of principal amount paid beyond the appointed day during the year	267,012,031	30,092,555
Interest actually paid under Section 16 of the Act, during the year	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	—	—
(iv) Interest accrued at the end of the year	6,598,392	139,667
Interest remaining unpaid, out of above, as at the end of the year	6,598,392	139,667
(v) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	6,738,059	139,667

Note: This information has been determined to the extent such parties have been identified on the basis of information available with the Company and its subsidiary.

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

15. Related Parties Disclosure pursuant to Accounting Standard 18 issued by the Institute of Chartered Accountants of India

(i) Name of Related Parties

(a) Holding Company

DIC Asia Pacific Pte Ltd., Singapore

(b) Ultimate Holding Company (as certified by the management)

DIC Corporation, Japan

(c) Fellow Subsidiaries (as certified by the Management)

Aekyung Chemical Co. Ltd.	DIC Career Co. Ltd.
Allmake Rollers Ltd.	DIC Coatings S.L.
Bridgestone REI Komposit Sdn. Bhd.	DIC Color (Thailand) Co., Ltd.
Camus Water Technologies LLC	DIC Color Coating, Inc.
Changzhou Huari New Material Co., Ltd.	DIC Colorants Inc.
Chia Lung Chemical Industrial Corp.	DIC Colorants Taiwan Co. Ltd.
Coates Brothers (Caribbean) Ltd.	DIC Colour & Design Co. Ltd.
Coates Brothers (East Africa) Ltd.	DIC Compounds (Malaysia) Sdn. Bhd.
Coates Brothers (South Africa) Limited.	DIC EP Inc.
Coates Brothers (West Africa) Ltd.	DIC Epoxy (Malaysia) Sdn. Bhd.
Coates Brothers (Zambia) Ltd. (formerly: Coates Zambia Ltd.)	DIC Europe GmbH
Coates Brothers (Zimbabwe) Private Ltd.	DIC Express Co. Ltd.
Coates Lorilleux Murekkep Ve Kimya San.Tic.A.S.	DIC Filtec Inc.
Coates Screen Inks GmbH.	DIC Fine Chemicals Private Limited
Coates Thailand Ltd.	DIC Global Logistics Co. Ltd.
CST Grafiska AB	DIC Graphics (Guangzhou) Ltd.
Dainichi Building Materials, Inc.	DIC Graphics (Hong Kong) Ltd.
Dainippon Ink & Chemicals (HK) Ltd.	DIC Graphics (Shenzhen) Ltd.
Dainippon Ink & Chemicals (Philippines) Inc.	DIC Holdings Austria GmbH
Ink & Chemicals (Thailand) Co. Ltd.	DIC Holdings B.V.
Dainippon Ink Eco-Engineering Co. Ltd.	DIC Imaging Products U.S.A., LLC
Deqing DIC Synthetic Resins Ltd.	DIC India Ltd.
DH Material Inc.	DIC Information Service Inc.
DIC Logistics China Co. Ltd.	DIC Interior Co. Ltd.
DIC (MALAYSIA) Sdn. Bhd.	DIC International (Thailand) Co. Ltd.
DIC (Taiwan) Ltd.	DIC International (USA) LLC
DIC (Vietnam) Co., Ltd.	DIC International Chemicals(S) Pte. Ltd.
DIC Alkylphenol Singapore Pte. Ltd.	DIC Investments Japan Inc.
DIC Americas Inc.	DIC Korea Corp.
DIC Australia Pty. Ltd.	DIC Lanka (Private) Ltd.
DIC Bayer Polymer Ltd.	DIC Lifetec Co. Ltd.
DIC Berlin GmbH R & D Laboratory	DIC Machinery & Printer's Supplies Inc.
DIC Capital Corp.	DIC New Zealand Ltd
	DIC Pakistan Ltd.

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

DIC Performance Resins GmbH
DIC Plapallet Pte., Ltd.
DIC Plastics Inc.
DIC Precision Corp.
DIC Space Amenity Co. Ltd.
DIC Synthetic Resins (Zhongshan) Co. Ltd.
DIC Technologies Ltd.
DIC Technology Corp.
DIC Zhangjiagang Chemicals Co. Ltd.
DIC (China) Co. Ltd.
Earthrise Nutritionals LLC
ECG Holdings Ltd.
Eques Coatings B.V.
Eques Coatings C.V.
European Manufacturers Insurance Co.Ltd.
Fuji Label Co. Ltd.
General Printing Ink Corp.
Gibbon Finecal Ltd.
Glenside Properties Limited
Guangzhou DIC International Co. Ltd.
Gunma Kosoku Offset Inc.
Hainan DIC Microalgae Co. Ltd.
Hamamatsu Dainippon Ink Hanbai Inc.
Hartman d.o.o.
Hartmann Druckfarben GmbH
Hartmann-Sun Chemical EOOD
IMS Concepts S.A./N.V.
Inmobiliaria Sunchem S.A. de C.V.
Interbak Ambalaj Sanayii Ve Ticaret Anonim Sirketi (Interbak AS)
Japan Fine Coatings Inc.
Japan Formalin Company Inc.
Japan Vilene Co. Ltd.
Kangam Chemical Co. Ltd.
Kitanihon DIC Co. Ltd.
Kyodo Printing Co.(S'pore) Pte. Ltd.
Kyushu Polymer Co. Ltd.
Lidye Chemical Co. Ltd.
Lorilleux Maroc S.A.
Mizushima Kasozai Inc.
Mondis Manufacturers Insurance Company N.V.
Nantong DIC Color Co. Ltd.
New England Manufacturers Insurance Corp.
Nichiei Development Co. Ltd.
Nichiei Plastics Inc.
Nihon Packaging Material Co. Ltd.
Nippon Decor Inc.
Nippon Epoxy Resin Manufacturing Co. Ltd.
Nippon Plapallet Co.
Nishinihon Butylphenol Inc.
Oxirane Chemical Corp.
P.T. DIC Astra Chemicals
P.T. Pardic Jaya Chemicals
Parker Williams Design Ltd.
PT. DIC Graphics
Qingdao DIC Finechemicals Co. Ltd.
Qingdao DIC Liquid Crystal Co. Ltd.
Renaissance Inc.
Rycoline Products LLC
Samling Housing Products Sdn. Bhd.
SC Funding LLC
Seiko PMC (Shanghai) Commerce & Trading Corp.
Seiko PMC (Zhangjiagang) Corp.
Seiko PMC Corp.
Shanghai DIC Ink Co. Ltd.
Shanghai DIC International Trading Co. Ltd.
Shanghai DIC Pressure-sensitive Adhesive Materials Co. Ltd.
Shanghai Long Feng Food Additives Co. Ltd.
Shanghai Showa Highpolymer Co. Ltd.
Shenzhen Coates Lorilleux Chemicals Ltd.
Shenzhen-DIC Co. Ltd.
Shin DIC Kako Co. Ltd.
Shin Nihon Kasei Inc.
Siam Algae Co. Ltd.
Siam Chemical Industry Co. Ltd.
Sinclair del Centro America S.A.
Sinclair S.A.
Societe Fonciere de la Manche
Sun Chemical (Chile) S.A.
Sun Chemical (Colores) S.A. de C.V.
Sun Chemical A/S (Denmark)
Sun Chemical A/S (formerly:Coates Lorilleux A/S) (Norway)
Sun Chemical AB
Sun Chemical AG
Sun Chemical AG (S.A., Ltd.)
Sun Chemical B.V.
Sun Chemical Central Europe Beteiligungs GmbH
Sun Chemical Central Europe Holding & Co. KG

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

Sun Chemical Corp.	(formerly:Sun Chemical Sp (z.o.o) Ltd.)
Sun Chemical de Centro America S.A. de C.V.	Sun Chemical Ukraine Limited
Sun Chemical de Panama S.A.	Sun Chemical Zagreb d.o.o.
Sun Chemical do Brasil Ltda.	Sun Chemical ZAO
Sun Chemical Group B.V.	Sun Chemical, d.o.o.e.l.
Sun Chemical Group S.p.A.	Sun Chemical, S.r.o. (Czech Republic)
Sun Chemical Holding B.V.	Sun Chemical, S.r.o. (Slovakia)
Sun Chemical Holding GmbH	SUNDIC Incorporated
Sun Chemical Ink Ireland	Suzhou Lintong Dyestuff Chemical Co. Ltd.
Sun Chemical Inks A/S	Taiyuan Coates Lorilleux Chemicals Limited.
Sun Chemical Inks S.A.	Techno Science Inc.
Sun Chemical Investments LLC	TFE Company Ltd.
Sun Chemical Lasfelde GmbH	Tien Lee Hong Co. Ltd.
Sun Chemical Ltd. (Canada)	Tintas S.A.
Sun Chemical Ltd. (U.K.)	TOA-DIC Zhangjiagang Chemicals Co. Ltd.
Sun Chemical Management L.L.C.	TOPIC.Co. Ltd.
Sun Chemical Murekkep ve Kimya Sanayi ve Ticaret A.S.	Tsuruga Chemicals Service Co.
Sun Chemical N.V./S.A.	Tsuruga Terminals Co.
Sun Chemical Nyomdafestek Kereskedelmi Es Gyatro KFT (Sun Chemical KFT)	Watt Gilchrist Ltd.
Sun Chemical of Michigan LLC,	Weesp Finance C.V.
Sun Chemical Osterode Druckfarben GmbH	Weesp Unlimited
Sun Chemical Oy	Wuxi DIC Epoxy Co. Ltd.
Sun Chemical Pigments S.L. (formerly:Coates Lorilleux S.A.)	YD Plastics Co. Ltd.
Sun Chemical Portugal-Tintas Graficas Ltda.	Yunnan DIC Ink Co. Ltd.
Sun Chemical Printing Ink d.o.o.	Zhaoqing DIC Gum Rosins Ltd.
Sun Chemical S.A.	Zhongshan DIC Colour Co. Ltd.
Sun Chemical S.A. de C.V.	
Sun Chemical S.A.S	
Sun Chemical s.r.l.	
Sun Chemical Sp (z.o.o)	

(d) Key Management Personnel

(i) Dr P K Dutt	– Chairman & Chief Executive Officer	– DIC India Limited
(ii) Mr A D Chatterjee	– Wholetime Director	– DIC India Limited
(iii) Mr S Bhaumik	– Wholetime Director	– DIC India Limited
(iv) Mr Anil Puri	– Wholetime Director	– DIC Coatings India Limited

ii) Disclosure of transactions between the group and related parties and the status of the outstanding balances.

(Figures in Rupees)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of goods/Fixed Assets	142,795,640 (85,017,385)	13,197,812 (27,737,459)	261,380,062 (121,604,037)	— (—)	417,373,514 (234,358,881)
Sale of goods/Fixed Assets	— (1,189,938)	— (—)	106,533,171 (61,216,898)	— (—)	106,533,171 (62,406,836)
Rendering of services	1,175,634 (2,440,426)	— (—)	— (8,027)	— (—)	1,175,634 (2,448,453)
Receiving of services	— (—)	— (—)	— (416,209)	— (—)	— (416,209)
Royalty paid/payable	278,227 (231,698)	58,740,384 (55,244,899)	— (—)	— (—)	59,018,611 (55,476,597)
Dividend paid/payable	— (—)	23,051,270 (15,847,608)	— (—)	1,165 (350)	23,052,435 (15,847,958)
Remuneration paid/payable	— (—)	— (—)	— (—)	19,167,241 (12,392,711)	19,167,241 (12,392,711)
Expenses incurred by the Company on behalf of the Group/Subsidiary	— (—)	511,330 (1,214,473)	1,328,249 (543,784)	— (—)	1,839,579 (1,758,257)
Expenses incurred by the Group/Subsidiary on behalf of the Company	9,488 (—)	— (—)	— (—)	— (—)	9,488 (—)
Interest Income	— (—)	— (—)	— (10,222)	— (—)	— (10,222)
Interest charges	— (—)	2,881,590 (2,418,517)	— (—)	— (—)	2,881,590 (2,418,517)
<i>Outstanding on account of:</i>					
Purchase of goods	34,634,544 (33,859,963)	7,905,472 (8,888,136)	35,954,956 (16,414,557)	— (—)	78,494,972 (59,162,656)
Sale of goods	— (—)	— (—)	30,257,961 (18,888,863)	— (—)	30,257,961 (18,888,863)
Royalty	270,404 (231,698)	81,460,383 (53,324,193)	— (—)	— (—)	81,730,787 (53,555,891)
Rendering of services	— (1,692,323)	— (—)	— (—)	— (—)	— (1,692,323)
Receiving of services	— (—)	— (—)	— (342,825)	— (—)	— (342,825)
Loan accepted	— (—)	47,345,210 (47,893,692)	— (—)	— (—)	47,345,210 (47,893,692)
Loans/Advances granted	— (—)	— (—)	622,331 (321,041)	— (—)	622,331 (321,041)
Payable (Net of Advance)	— (—)	— (—)	— (—)	1,787,412 (132,187)	1,787,412 (132,187)

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

16. SEGMENTAL REPORTING

	Printing Ink		Industrial Coatings		Lamination Adhesive		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE								
External Sales	4,510,918,254	3,849,797,836	433,841,541	404,883,381	208,367,438	188,831,888	5,153,127,233	4,443,513,105
Less: Inter Segment Sales	1,475,561	1,989,666	571,250	648,000			2,046,811	2,637,666
Total Revenue	4,509,442,693	3,847,808,170	433,270,291	404,235,381	208,367,438	188,831,888	5,151,080,422	4,440,875,439
RESULTS								
Segment/Operating Results	286,288,495	236,891,117	43,287,723	46,499,104	28,667,958	35,547,999	358,244,176	318,938,220
Unallocable Expenses (Net of Income)	—	—	—	—	—	—	(18,722,027)	(11,409,851)
Interest Expenses	—	—	—	—	—	—	(62,348,461)	(85,194,792)
Provision for Tax (including Deferred Tax)	—	—	—	—	—	—	(95,683,981)	(79,881,771)
Net Profit	286,288,495	236,891,117	43,287,723	46,499,104	28,667,958	35,547,999	181,489,707	142,451,806
OTHER INFORMATION								
Segment Assets	2,969,165,327	2,397,561,330	256,681,281	247,236,043	129,212,089	131,742,221	3,355,058,697	2,776,539,594
Un-allocable Assets	—	—	—	—	—	—	61,100,903	202,799,530
Total Assets	2,969,165,327	2,397,561,330	256,681,281	247,236,043	129,212,089	131,742,221	3,416,159,600	2,979,339,124
Segment Liabilities	846,238,754	820,772,902	39,281,791	48,653,420	9,066,755	10,911,090	894,587,300	880,337,412
Un-allocable Liabilities & Provisions	—	—	—	—	—	—	2,521,572,300	2,099,001,712
Total Liabilities	846,238,754	820,772,902	39,281,791	48,653,420	9,066,755	10,911,090	3,416,159,600	2,979,339,124
Depreciation	71,947,217	67,688,148	2,153,359	1,944,949	4,801,163	3,484,335	78,901,739	73,117,432
Un-allocable Depreciation	—	—	—	—	—	—	715,884	760,266
Total Depreciation	71,947,217	67,688,148	2,153,359	1,944,949	4,801,163	3,484,335	79,617,623	73,877,698
Capital Expenditure including CWIP	—	—	—	—	—	—	160,534,248	240,463,588

17. Retirement Benefit

i) The Group operates Defined Contribution Schemes like Provident Fund and Superannuation Schemes. Contributions to Provident Fund are made by the Group, based on current salaries, to recognise funds maintained by the Group. In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes is applicable for certain categories of employees and the contribution by the Group is invested with Insurance Companies.

The Group also operates Defined Benefit Schemes like Retirement Gratuity, Defined Pension Benefits and post Retirement Benefits. The Group has its own recognized Gratuity Fund and all contribution are given to the fund for investment, however liability in the accounts have been provided as per actuarial valuation. The pension benefits offer specified benefits to certain categories of employees on retirement. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (revised 2005) on Employees Benefits. Post Retirement Benefit is given

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

in the form of a fixed amount to certain category of employees on resignation/retirement subject to a minimum service period.

The Group also pays the amount due on accumulated leave on retirement. The liability under this scheme is also actuarially valued and provided for in the accounts.

- ii) The Group has decided to discontinue the Defined Pension Benefit Scheme with effect from 1st May, 2009 and all the employees who were erstwhile member of the Defined Pension Benefit scheme will be brought under the Defined Contribution scheme for benefit provisions under the pension plan. The present value of benefit obligation on 31st December, 2008 is calculated by discounting the present value of crystallized pension as at 30th April, 2009. The necessary changes in the deed/ documentation and approval process from the Government Authorities for the change are in the process.

Amounts recognised in the Balance Sheet are as follows:

(Rs. in lakhs)

	Year	Pension (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present value of defined benefit obligation	2008	972.25	121.84	485.78	43.52
	2007	872.37	109.49	460.55	41.10
Fair value of plan assets	2008	1,230.52	—	485.62	—
	2007	1,231.03	—	462.32	—
Present value of unfunded obligation	2008	258.27	(100.92)	(0.16)	(43.52)
	2007	358.66	(88.49)	1.77	(41.10)
Unrecognized past service cost	2008	—	—	—	—
	2007	—	—	—	5.03
Net Asset/(Liability)	2008	258.27	(121.84)	(0.16)	(43.52)
	2007	358.66	(109.49)	1.77	(36.07)

Amounts recognised in the Profit & Loss Account are as follows:

(Rs. in lakhs)

	Year	Pension (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Current service cost	2008	—	4.89	32.77	2.41
	2007	97.34	12.73	25.50	1.00
Interest on obligation	2008	65.90	7.82	34.48	3.18
	2007	83.81	8.64	35.44	1.54
Expected return on plan assets	2008	(95.75)	—	(37.46)	—
	2007	(94.60)	—	(37.29)	—
Net Actuarial loss/(gain) recognized during the year	2008	192.56	18.74	42.20	2.33
	2007	(240.74)	1.64	19.30	(0.05)
Curtailment cost	2008	(42.32)	—	—	—
	2007	—	—	—	—
Past service cost	2008	—	—	—	5.03
	2007	1.13	—	(7.24)	16.40
Total	2008	120.39	31.45	71.99	12.95
	2007	(153.06)	23.01	35.71	18.89

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

Reconciliation of opening and closing balances of the present value of the obligations:

(Rs. in lakhs)

	Year	Pension (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Opening defined benefit obligation	2008	872.37	109.52	460.55	41.10
	2007	1,119.31	116.94	473.32	21.43
Current service cost	2008	—	4.89	32.77	2.41
	2007	97.34	12.73	25.50	1.00
Interest cost	2008	65.90	7.82	34.48	3.18
	2007	83.81	8.64	35.44	1.54
Actuarial loss/(gain)	2008	194.07	18.74	27.78	2.33
	2007	(234.84)	1.64	15.86	(0.05)
Curtailement cost	2008	(42.32)	—	—	—
	2007	0.41	—	(0.01)	—
Plan amendments	2008	—	—	—	—
	2007	0.72	—	(7.23)	21.43
Benefit paid	2008	(117.77)	(19.13)	(69.80)	(5.50)
	2007	(194.38)	(30.46)	(82.33)	(4.25)
Closing defined benefit obligation	2008	972.25	121.84	485.78	43.52
	2007	872.37	109.49	460.55	41.10

Reconciliation of opening and closing balances of the fair value of Plan Assets:

(Rs. in lakhs)

	Year	Pension (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Opening fair value of plan assets	2008	1,231.03	—	462.38	—
	2007	1,234.34	—	470.03	—
Expected return on plan assets	2008	95.75	—	37.46	—
	2007	94.60	—	37.29	—
Actuarial gain/(loss)	2008	1.51	—	(14.42)	—
	2007	5.90	—	(3.44)	—
Contribution by employer	2008	20.00	18.50	70.00	5.50
	2007	90.57	30.46	40.74	4.25
Benefit paid	2008	(117.77)	(18.50)	(69.80)	(5.50)
	2007	(194.38)	(30.46)	(82.33)	(4.25)
Closing fair value of plan assets	2008	1,230.52	—	485.62	—
	2007	1,231.03	—	462.32	—

Major Categories of Plan Assets as a percentage of fair value of the total Plan Assets:

	Year	Pension (Funded)	Gratuity (Funded)
Government of India Securities	2008	53%	49%
	2007	58%	53%
PSU Bonds/State Securities	2008	22%	18%
	2007	24%	22%
Insurance Managed Funds	2008	25%	33%
	2007	18%	25%
Total	2008	100%	100%
	2007	100%	100%

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

Principal Actuarial assumptions used :

	2008	2007
Discount rates	7.20%	8.10%, 8.30% for Retirement Benefit of DIC
Expected rate of return on plan assets	8.10%	9%
Expected salary increase rates	5% and Nil for Pension.	5%
Mortality rates	LIC (1994-96) ultimate	LIC (1994-96) ultimate

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, seniority, supply and demand in the employment market etc. The expected return on plan assets is based on actuarial expectation of the average long-term rate of return expected on investments of the funds during the estimated term of the obligations.

Amount recognized as an expense:

Contribution to Provident and other Funds in Schedule 16 includes Gratuity of Rs.7,376,000 (2007: Rs.3,571,000) and contribution to defined benefit pension plan Rs.13,578,473 [2007: (Rs.13,406,250)]. Contribution to Provident and other Funds in Schedule 16 includes contribution to defined contribution plans like Provident and Superannuation Fund amounting to Rs.20,804,650 (2007: Rs.16,533,262).

18. Consumption of Stores and Spares

Particulars	2008 (Rs.)	2007 (Rs.)
Total consumption of stores & spare parts Rs.71,170,914 (2007 - Rs.55,753,270) includes for:		
i) Repairs to Plant & Machinery	12,990,387	10,640,763
ii) Miscellaneous Expenses	17,444,305	15,758,797
iii) Power & Fuel	40,736,222	29,353,710
	71,170,914	55,753,270

19. Interest on Fixed Period Loans

Particulars	2008 (Rs.)	2007 (Rs.)
Interest includes interest on fixed period loans	35,345,890	55,747,250

20. Earning per Share

Particulars	2008 (Rs.)	2007 (Rs.)
Profit/(Loss) after Tax (Rs.)	181,489,707	142,451,806
Total (A)	181,489,707	142,451,806
Basic Earnings per Share Weighted Average No. of Shares (B)	9,116,143	6,885,537
Earning per Share - Basic (A/B) (Rs.)	19.91	20.69
Diluted Earnings per Share Weighted Average No. of Shares (C)	9,116,143	6,960,938
Earning per Share - Diluted = [(A/C)] (Rs.)	19.91	20.46

21. Previous years' figures have been regrouped/rearranged wherever considered necessary.

Schedules to the Consolidated Accounts

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements are prepared to comply with all material aspects in all the applicable accounting principles in India, the applicable Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements".

FIXED ASSETS

- Fixed assets are stated at their original cost (including cost incidental to acquisition) less depreciation.
- Loss on scrapping of Fixed Assets and profit or losses on sale of Fixed Assets are included in the Profit & Loss Account and calculated as the difference between the value realized and the book value.

Depreciation is provided in accordance with Section 205 read with Schedule XIV to the Companies Act, 1956(Act), in the following manner:

- (i) On Plant and Machinery and Computers added during the period 1st November, 1977 to 31st October, 1987 on Straight Line Method, on the basis of specified period (within the meaning of Section 205(2)(b) of the Act) determined in the year of acquisition, at rates prescribed under the Income Tax Act, 1961 and rules framed thereunder, as was in force during the relevant financial year.
- (ii) On Plant and Machinery added from 1st November, 1987, on Straight Line Method at rates specified in Schedule XIV to the Act as existing at the time of capitalization.
- (iii) On Silos included in Plant and Machinery added from 1st January, 2006, on Straight Line Method @ 20%.
- (iv) On Research Equipment added from 1st January, 2003, on Straight Line Method @ 25%.
- (v) On Air Conditioners, on Written Down Value Method @ 13.91%.
- (vi) On Computers added from 1st November, 1987, on Straight Line Method @ 25%.
- (vii) On all other assets, on Written Down Value Method, at rates specified in Schedule XIV to the Act.
- (viii) All assets costing Rs.5,000 or less are fully depreciated in the year of additions.
- (ix) In respect of assets acquired, sold or discarded during the period, prorated depreciation, for the period during which each such asset was in use, after rounding off part of the month to the whole month.
- (x) Leasehold land is amortized over the period of the lease and freehold land is not depreciated.

Schedules to the Accounts

Schedule 18 (contd.)

Cash generating units/assets are assessed for possible impairment at balance sheet dates based on external and internal sources of information. Impairment losses, if any, recognised as an expense in the Profit & Loss Accounts.

INTANGIBLE ASSETS

Intangible Assets are recognised only when future economic benefits attributable to the assets will flow to the enterprises and cost can be measured reliably and are being amortized in equal instalments over its useful life of four years.

ASSETS ACQUIRED UNDER LEASE

For assets acquired under operating lease, rentals payable are charged to Profit & Loss account.

INVENTORIES

Inventories are valued using weighted average cost formula in DIC India Limited and on FIFO basis in DIC Coatings India Limited and are valued at the lower of cost and net realisable value.

In respect of finished goods, cost, which comprises of expenditure incurred in the normal course of business in bringing inventories to their location and condition including relevant overheads, is calculated on bases appropriate to the business carried on by the Company. Excise Duty payable on finished goods lying in the factory of manufacture are included in the value of closing stock after creating suitable provision for the liability.

In respect of intermediates, cost includes attributable production overheads.

Cost for raw material includes expenditure incurred in the normal course of business in bringing inventories to their present location. Customs Duty payable for materials cleared from port but kept in bonded warehouse are included in the value of closing stock after creating suitable provision for liability.

INVESTMENTS

Long term investments are stated at cost, and where applicable, provision is made against diminution in value. Profit or Loss on sale of investment are included in the Profit & Loss Account and calculated as the difference between the net proceeds realised and the book value. Dividends are accounted for in the year in which it is received.

RETIREMENT/TERMINAL BENEFITS

- a) Contribution to Defined Contribution Superannuation Scheme and Provident Fund are recognised in the Profit & Loss account on accrual basis. Provident Fund contributions are made to a Trust administered by the Company. The interest rate payable to the members of the trust are not lower than the statutory rate of interest declared by the Central Government and shortfall, if any, shall be made good by the Company. Contribution to Superannuation Scheme are made to a separate fund administered by an Insurance Company.
- b) The following are the defined benefit obligation and are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries
 - (i) liability for Gratuity

Schedules to the Accounts

Schedule 18 (contd.)

- (ii) expected annual cost of providing pension to management staff as per respective conditions of their employment .
- (iii) liability accrued during the year in respect of retirement/terminal benefit payable to certain employees governed by agreement with the Union/representing them .
- (iv) liability accrued upto the close of the year for encashment of leave not availed by the management staff as stipulated in their respective terms of employment.
- c) Actuarial gains or losses are charged to Profit & Loss Account.
- d) As per service rules, part of the leave accrued during the year are accounted for on accrual basis and charged to Profit & Loss Account as a short term benefit .
- e) Terminal Benefits are recognized as expense as and when incurred.

SALES

Sales are recognized when goods are supplied in accordance with the terms of the sale and are inclusive of excise duty and net of turnover discount.

TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for in the following manner:

- a) In case of forward exchange contract the premium or discount arising at the inception of a such contract is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of Profit & Loss in reporting period in which the exchange rates changed. Profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the period.
- b) Foreign currency transactions not covered by forward exchange contracts are accounted for at exchange rates prevailing at the date of the transaction. Gains/losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit & Loss Account.

BORROWING COSTS

Borrowing Costs that are directly attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized till substantial completion of all the activities that are necessary for this purpose. Other borrowing costs are charged to revenue.

ACCOUNTING FOR INCOME TAX

Current tax represents the amount that otherwise would have been payable under the Income Tax Act, 1961 had this financial year been reckoned as the basis for computation of tax payable under the prevailing taxation laws.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Signatures to Schedules 1 to 18

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary.

Kolkata, 10th February, 2009

Consolidated Cash Flow Statement— DIC India Ltd and Subsidiary

(Rs. in Million)

	Year Ended 31st December 2008	Year Ended 31st December 2007
A. Cash Flow from Operating Activities		
Net profit before Interest, Tax and Extraordinary Items	339.52	307.53
Adjustments for :		
Add : Depreciation & Amortisation	79.62	73.86
Fixed Asset written off	0.03	6.31
Stores written off	—	1.35
Bad Debt written off	1.90	10.65
Provision for Bad & Doubtful Debts	9.27	7.25
Employees Benefit Scheme	2.55	0.76
Unrealised Loss on Foreign Currency	2.16	—
Provision for Wealth Tax	0.11	0.16
Less : Profit on Sale of Assets	(12.81)	(10.54)
Interest Income	(1.80)	(3.76)
Unrealised Gain on Foreign Currency	—	(0.24)
Provision for Doubtful Debts written back	(0.10)	—
Operating Profit before Working Capital Changes	420.45	393.33
(Increase)/Decrease in Trade and other receivables	(200.19)	(113.47)
(Increase)/Decrease in Inventories	(197.90)	68.40
Increase/(Decrease) in Trade payables and other liabilities	8.60	122.51
Cash generated from Operations	30.96	470.77
Less : Payment of Direct Taxes	(97.81)	(75.37)
Net Cash from Operating Activities	(66.85)	395.40
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(160.53)	(238.44)
Sale of Fixed Assets	18.95	12.79
Interest Received	2.65	3.82
Sale of Investments	0.01	—
Net Cash Flow from Investing Activities	(138.92)	(221.83)

Cash Flow Statement (Contd.)

(Rs. in Million)

	Year Ended 31st December 2008	Year Ended 31st December 2007
C. Cash Flow from Financing Activities		
Net Increase/(Decrease) in Bank Borrowings	27.84	(103.09)
Issue of Commercial Paper Loan	250.00	750.00
Repayment of Commercial Paper Loan	(250.00)	(850.00)
Acceptance of Short Term Loan from Banks	100.00	—
Repayment of Short Term Loan from Banks	—	(207.89)
Acceptance of Short Term Loan from others	3,850.00	—
Repayment of Short Term Loan from others	(3,700.00)	(60.00)
Dividend paid including Dividend Tax	(37.59)	(28.20)
Interest and Discount on issue of Commercial Paper	(63.57)	(86.70)
Share Application Money received/(Excess refunded)	(0.08)	516.11
Rights Issue Expenses	—	(8.56)
Net Cash flow from Financing Activities	176.60	(78.33)
Net increase in Cash and Cash Equivalents	(29.15)	95.24
Cash and Cash Equivalents (Opening Balance)	257.56	162.32
Cash and Cash Equivalents (Closing Balance)	228.41	257.56

Notes to Consolidated Cash Flow Statement:

1. Cash and Cash Equivalents represent:

(a) Cash-in-hand	0.65	0.54
(b) Cheques-in-Hand	134.84	118.85
(c) Balance with Banks	92.91	138.17
	228.40	257.56

2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.

3. Previous year figure have been regrouped/rearranged wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

PARTHA MITRA

Partner

Membership No.50553

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2009

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 10th February, 2009

Information Regarding Subsidiary Company

(Figures in Rupees)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments			Income	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
					Long Term	Current	Total					
DIC Coatings India Limited	107,531,695	145,819,100	305,709,692	305,709,692	—	—	—	448,399,364	44,923,148	15,138,726	29,784,422	—

Note: The above data for the subsidiary is as on 31st December, 2008

NOTES

NOTES



DIC INDIA LIMITED

Notice

NOTICE is hereby given that the Sixty First Annual General Meeting of the Members of DIC India Limited, will be held at the Williamson Magor Hall in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata - 700 001 on Tuesday, 12th May, 2009 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Profit & Loss Account for the financial year ended 31st December, 2008, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Mitsunobu Miyasaka, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Subir Bose, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr Purushottam Lal Agarwal, who had been appointed as an Additional Director of the Company with effect from 30th October, 2008 and who, in terms of Section 260 of the Companies Act, 1956 and Article 120 of the Articles of Association of the Company, holds office of directorship up to the date of the 61st Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr Purushottam Lal Agarwal as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".

The Register of Members of the Company will remain closed from 1st May, 2009 to 12th May, 2009, both days inclusive.

Registered Office:
Transport Depot Road
Kolkata 700 088
Dated: 10th February, 2009

By Order of the Board

TIMIR BARAN CHATTERJEE
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy 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, not less than fortyeight hours before the commencement of the Annual General Meeting i.e. by 11.00 a.m. on 10th May, 2009.
2. Corporate Members are requested to send to the Company's Share Department, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. Transfer of shares (in physical form) received in order by the Share Department at the Company's Registered Office or the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 by 5.30 p.m. on 30th April, 2009 will be passed for payment of dividend, if declared.
5. Shareholders holding shares in identical order of names in more than one Folio are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 enclosing their share certificates to enable the Company to consolidate their holdings in one single Folio.
6. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 quoting their Folio Number.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividend for the year ended 31st December, 2001 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, members who have not encashed their dividend warrant(s) so far for the year ended 31st December, 2001 or subsequent years are requested to make their claim to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019. Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
8. Members desirous of making a nomination in respect of their shareholding, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B to the Share Department of the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019.
9. Members are requested to bring the admission slips along with their copy of the Report and Accounts at the Meeting.

Information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, relating to the Code of Corporate Governance, regarding Directors seeking appointment and re-appointment.

Item Nos.3 and 4

Mr Mitsunobu Miyasaka

Born on 6th August, 1953, Mr M Miyasaka is the Regional Managing Director of DIC Asia Pacific Pte Limited, Singapore, a subsidiary of DIC Corporation, Japan (formerly Dainippon Ink & Chemicals Inc.). Mr Miyasaka graduated from the Nagoya University in Japan with a Master's Degree in Engineering. During his term of 30 years in DIC Corporation, Japan he has held many key positions in the Company. In March, 2006, he held the position of General Manager of Graphic Arts Materials, Technical Administrative Department and undertook many significant projects. He also currently holds the position of Corporate Officer and is a senior member of the Executive Committee in Japan.

His expertise covers the technology and market development of offset, news and gravure inks. He is well versed and has been instrumental in the Group's advancement in the 'Cost Down' Projects and will continue to help manage the entities in the region. His recent active involvement in the development of the new business segments of the group in digital ink, color filters and conductive ink will be an asset to the regional entities under his new ambit.

Mr M Miyasaka was inducted on the Board with effect from 18th April, 2007 whose appointment was subsequently ratified by the members in the Annual General Meeting held on 29th May, 2007. He does not hold any shares in the Company.

Mr Subir Bose

Mr S Bose, aged 59 years was born on 10th December, 1949. Mr Bose holds a B.Tech in Chemical Engineering from IIT (Kanpur) and PGDBA from IIM, Ahmedabad. Mr Bose has over 34 years of experience in the Paints Industry and is currently the Managing Director of Berger Paints India Limited besides holding Directorships in several of its group Companies.

Mr S Bose was inducted on the Board with effect from 27th July, 2007 whose appointment was subsequently ratified by the members in the Annual General Meeting held on 12th June, 2008. He does not hold any shares in the Company.

Other Directorships and Committee Memberships held by Mr M Miyasaka and Mr S Bose as on 10th February, 2009:

Director	Name of Company	Board Position held	Committees of Board	Committee Position held
M Miyasaka	DIC Asia Pacific Pte Ltd	Director	Nil	Nil
	DIC Fine Chemicals Pvt Ltd	Director	Nil	Nil
	DIC (Malaysia) Sdn Bhd	Director	Nil	Nil
	DIC Marketing Sdn Bhd	Director	Nil	Nil
	DIC Graphics (Thailand) Co Ltd	Director	Nil	Nil
	DIC International (Thailand) Co Ltd	Director	Nil	Nil
	P T DIC Graphics	Director	Nil	Nil
	DIC (Philippines) Inc	Director	Nil	Nil
	DIC Colortron Pty Ltd	Director	Nil	Nil
	DIC Australia Pty Ltd	Director	Nil	Nil
	DIC New Zealand Ltd	Director	Nil	Nil
	DIC Pakistan Ltd	Director	Nil	Nil
	DIC Lanka (Pvt) Ltd	Chairman/Director	Nil	Nil
	DIC (Vietnam) Co Ltd	Chairman/Director	Nil	Nil
	DIC International Chemicals (S) Pte Ltd	Director	Nil	Nil
	Kyodo Printing Co (Singapore) Pte Ltd	Director	Nil	Nil
	PT Pardic Jaya Chemicals	Director	Nil	Nil
	DIC Compounds (M) Sdn Bhd	Director	Nil	Nil
	DIC Epoxy (M) Sdn Bhd	Director	Nil	Nil

S Bose	Berger Paints India Ltd	Managing Director	Investor Grievance Committee Share Transfer Committee	Member Chairman
	Beepee Coatings Private Limited	Director	Nil	Nil
	BNB Coatings India Ltd	Director	Nil	Nil
	Berger Paints (Bangladesh) Ltd	Director	Nil	Nil
	Berger Jenson & Nicholson (Nepal) Pvt Ltd	Director	Nil	Nil
	Berger Paints (Cyprus) Ltd	Director	Nil	Nil
	Lusako Trading Limited, Cyprus	Alternate Director	Nil	Nil
	Bolix SA, Poland	Director	Nil	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.6

Mr Purushottam Lal Agarwal

Mr P L Agarwal, aged 67 years was born on 2nd April, 1942 and holds a B.Com and LLb degree. Mr Agarwal is an Attorney-at-Law and an Advocate and has over 43 years of experience in the field of Commercial, Corporate, Real Estate and Intellectual Law. Besides being a Senior Partner of Khaitan & Co., a leading Solicitors and Advocate Firm of India, he also holds Directorships in several other Companies.

Mr P L Agarwal was inducted on the Board with effect from 30th October, 2008. He does not hold any shares in the Company.

Other Directorships and Committee Memberships held by Mr P L Agarwal as on 10th February, 2009 :

Director	Name of Company	Board Position held	Committees of Board	Committee Position held
P L Agarwal	Albert David Limited	Director	Remuneration Committee	Member
	Dhunseri Tea & Industries Ltd	Director	Share Transfer Committee Shareholders'/Investors' Grievance Committee	Member Chairman
	Dharampal Premchand Limited	Director	Remuneration Committee	Member
	Karamchand Thapar & Bros. (Coal Sales) Ltd	Director	Nil	Nil
	Rossell Tea Ltd.	Director	Remuneration Committee	Member
	The Oodlabari Co Ltd	Director	Remuneration Committee	Member
	United Credit Belani Properties Ltd	Director	Nil	Nil
	Cookson India Pvt Ltd	Director	Nil	Nil
	Khaitan & Co	Partner	NA	NA

No other Director other than Mr P L Agarwal is interested or concerned in the Resolution.

The Board of Directors accordingly recommends the Resolution mentioned under Item No.6 of the Notice for the approval of the Members.

By order of the Board

Registered Office:
Transport Depot Road
Kolkata 700 088
Dated 10th February, 2009

TIMIR BARAN CHATTERJEE
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary



DIC INDIA LIMITED

Registered Office : Transport Depot Road, Kolkata 700 088

ATTENDANCE SLIP

61st Annual General Meeting, 12th May, 2009, at 11.00 a.m.

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.

Name of the Member _____ Folio/D.P. & Client I.D. No. _____ No. of Shares held _____

.....

I hereby record my presence at the 61st Annual General Meeting of the Company at the premises of The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata 700 001.

Signature of the Shareholder or the Proxy attending the Meeting	
If Member, please sign below	If Proxy, please sign below

..... TEAR OFF HERE

**PROXY FORM
DIC INDIA LIMITED**

Registered Office : Transport Depot Road, Kolkata 700 088

Folio/D.P. & Client I.D. No. :

I/We _____

of _____

being a member(s) of DIC India Limited, hereby appoint

_____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 61st Annual General Meeting of the Company to be held on the 12th day of May, 2009 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2009.

Affix
15 paise
Revenue
Stamp

NOTE: The Proxy Form must be deposited at the Registered Office of the Company, Transport Depot Road, Kolkata 700 088, not less than 48 hours before the time for holding the meeting.

Registered and Head Office

Transport Depot Road, Kolkata 700 088, West Bengal
Telephone : (033) 2449 6591-6, 2449 3984-5, Fax : (033) 2449 5267

OFFICES AND FACTORIES**KOLKATA**

Transport Depot Road
Kolkata - 700 088, West Bengal
Telephone : (033) 2449 6591-6/2449 3984-5
Telegram : SPECTRUM
Fax : (033) 2449 5267/2311/0433
E-mail : coi@dic.co.in

MUMBAI

Chandivali Farm
Off Saki Vihar Road
Mumbai - 400 072, Maharashtra
Telephone : (022) 2847 4655-58
Fax : (022) 2847 2149/6231

NOIDA

C-55A & B, Phase II
Dist. Gautam Buddh Nagar
Noida - 201 305, Uttar Pradesh
Telephone : (0120) 256 2612-14
Fax : (0120) 465 5150

AHMEDABAD

Plot No. 633 & 634
G.I.D.C. Industrial Estate, Phase IV, Vatva
Ahmedabad - 382 445, Gujarat
Telephone : (079) 2589 0861/0865,
2583 2202/4025/2654
Fax : (079) 2583 5706
E-mail : ahd@dic.co.in

DELHI

7, D.L.F Industrial Area, Shivaji Marg
New Delhi - 110 015
Telephone : (011) 2593 8150/1422-23/2541 4150
Fax : (011) 2592 2500
E-mail : delhi@dic.co.in

BANGALORE

66A, Bommasandra Industrial Area
Hosur Road, Anekal Taluk
Bangalore - 560 099, Karnataka
Telephone : (080) 2783 1874/2780 4114

CHENNAI

60 (Old No.92), Sheik Maistry Street
Royapuram, Chennai - 600 013, Tamil Nadu
Telephone : (044) 2595 2601-03
Fax : (044) 2595 3850
E-mail : chennai@dic.co.in

SALES OFFICES & DEPOTS**BANGALORE**

F-58, Industrial Estate
Rajaji Nagar
Bangalore - 560 044, Karnataka
Telephone : (080) 2311 3446/3467
Fax : (080) 2311 3478
Email : blrdepot@dic.co.in

HYDERABAD

Plot No. B-7, IDA, Uppal
Hyderabad- 500 039
Andhra Pradesh
Telephone : (040) 2720 6521/6218

MADURAI

C-131, Kamarajar Road, Thirunagar
Madurai - 625 006
Tamil Nadu
Telephone : (093) 4410 4607

VADODARA

C/o, Multiplex Agencies
248, Ghantiada, Off. Gendigate Road
Vadodara - 390 001, Gujarat
Telephone : (0265) 242 4421-2/245 2374
Fax : (0265) 242 3455

KANPUR

301, Urvashi Apartment, 3rd Floor
Plot No.7/29, Tilak Nagar
Kanpur - 208 002, Uttar Pradesh
Telephone : 09336102184

