



DIC INDIA LIMITED

Annual Report 2009

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DIC India Limited

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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



P L Agarwal



B N Ghosh



P Koek

Corporate Information

as on 31st December, 2009

Board of Directors

* Dr Prabir Kumar Dutt

Chairman & Chief Executive Officer

* Arun Das Chatterjee

Dipak Banerjee

Purushottam Lal Agarwal

* Samir Bhaumik

Subir Bose

Bhaskar Nath Ghosh

Mitsunobu Miyasaka

Biswajit Choudhuri

Paul Koek

* Executive Director

Timir Baran Chatterjee

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

Board Committees

Audit Committee

Dipak Banerjee – *Chairman*

Biswajit Choudhuri

Subir Bose

Bhaskar Nath Ghosh

Paul Koek

Shareholders'/Investors' Grievance Committee

Purushottam Lal Agarwal – *Chairman*

Dr Prabir Kumar Dutt

Paul Koek

Remuneration Committee

Dipak Banerjee – *Chairman*

Mitsunobu Miyasaka

Paul Koek

Auditors

Lovelock & Lewes

Registrar and Share Transfer Agent

C B Management Services (P) Limited

Bankers

Bank of Baroda

State Bank of India

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Transport Depot Road

Kolkata 700 088

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2009 Dec-31	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
Sales (Net)	4,593	4719	4039	3395	2786	2445	2162	2000	1854	1844
Profit before Tax	320	231	167	145	147	114	95	118	122	129
Tax	97	80	58	45	46	39	19	33	26	39
Profit after Tax	223	151	109	100	101	75	76	85	96	90
Dividend	43 *	38 *	38 *	28 *	28 *	28 *	27 *	27 *	30 *	32 *
Retained Profit	180	113	71	72	73	47	49	58	66	58
Earnings per Share (Rs.)										
- Basic	24.29	16.56	15.86	14.51	14.72	10.92	10.98	12.29	13.97	13.08
- Diluted	24.29	16.56	15.69	—	—	—	—	—	—	—
Dividend per Share (%)	40 @	35	35	35	35	35	35	35	40	42
Net Worth per										
Equity Share (Rs.)	216.04	196.47	170.50	157.54	147.12	136.40	129.47	122.43	113.68 ***	138.97 **
PBT to Sales (%)	6.97	4.90	4.14	4.27	5.28	4.66	4.39	5.90	6.60	7.00
PAT on Shareholders										
Funds (%)	11.24	8.37	9.30	9.22	9.97	8.00	8.52	10.03	12.27	9.41
Debt Equity Ratio	0.22:1	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
Sources of Funds										
Share Capital	92	92	69	69	69	69	69	69	69	69
Share Application	---	---	516	---	---	---	---	---	---	---
Reserves & Surplus	1891	1711	1105	1016	944	870	823	774	714	888
Borrowings	427	497	209	693	444	379	425	408	359	433
	2410	2300	1899	1778	1457	1318	1317	1251	1142	1390
Application of Funds										
Net Fixed Assets	756	745	682	535	451	403	380	347	308	318
Investments	108	108	108	108	108	108	108	108	108	299
Net Current Assets	1546	1447	1109	1135	898	807	826	790	719	771
Misc. Expenses	—	—	—	—	—	—	3	6	7	2
	2410	2300	1899	1178	1457	1318	1317	1251	1142	1390

Notes:

* Includes Tax on Dividend

** After considering Capital Reserve

*** After considering adjustment of Capital Reserve against value of investments in DIC Coatings India Limited, subsidiary

@ 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, 2009

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

- n Three Executive Directors in the whole-time employment of the Company.
- n Five Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, legal, technology and management.
- n 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, 2009

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	5	3
Mr S Bose	Non-Executive & Independent	2	—	1	—
Mr B Choudhuri	Non-Executive & Independent	11	—	3	3
Mr P L Agarwal	Non-Executive & Independent	7	—	—	1
Mr B N Ghosh	Non-Executive & Independent	—	—	—	—
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
Prof R Das	Non-Executive & Independent	10.02.2009	Resigned
Mr B N Ghosh	Non-Executive & Independent	25.07.2009	Appointed*

* Appointment is subject to the approval of the members in the forthcoming Annual General Meeting scheduled to be held on 2nd June, 2010.

D) *Board Meetings held during the year*

During the financial year ended 31st December, 2009, nine Board Meetings were held on 12th January, 2009, 10th February, 2009, 26th April, 2009, 12th May, 2009, 4th July, 2009, 25th July, 2009, 23rd September, 2009, 27th October, 2009 and 14th December, 2009.

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	9	Yes
Mr A D Chatterjee	9	Yes
Mr S Bhaumik	7	Yes
Mr M Miyasaka	4	Yes
Mr P Koek	6	Yes
Mr D Banerjee	9	Yes
Mr S Bose	7	Yes
Mr B Choudhuri	9	Yes
Mr P L Agarwal	2	Yes
Mr B N Ghosh	4	NA
Prof R Das	2	NA

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 62nd 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*

Mr B N Ghosh was inducted as a member in the Audit Committee in the Board Meeting of the Company held on 14th December, 2009. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

As on 31st December, 2009, the Audit Committee of the Company comprises five members as per table given hereinbelow:

Name of Member	Category
Mr D Banerjee	Chairman
Mr B Choudhuri	Member
Mr S Bose	Member
Mr B N Ghosh	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 during the year*

During the financial year ended 31st December, 2009, four meetings were held on 10th February, 2009, 26th April, 2009, 25th July, 2009 and 27th October, 2009.

D) *Attendance of Directors at the Audit Committee Meetings*

Name of Director	Meeting Attended
Mr D Banerjee	4
Mr S Bose	2
Mr B Choudhuri	4
Mr B N Ghosh	N.A.
Mr P Koek	4

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, 2009, 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, 2009, one meeting was held on 10th February, 2009. All the members attended the meeting.

D) *Remuneration paid/payable to the Directors for the financial year ended 31st December, 2009:*

(Figure in Rs.)

Name of Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Dr P K Dutt	4,136,149	1,890,000	—	2,765,517	—	8,791,666
Mr A D Chatterjee	1,663,075	633,150	—	14,70,476	—	3,766,701
Mr S Bhaumik	1,663,075	633,150	—	1,556,630	—	3,852,855
Mr D Banerjee	—	—	150,000	—	130,000	280,000
Mr S Bose	—	—	150,000	—	86,000	236,000
Prof R Das	—	—	17,000	—	28,000	45,000
Mr B Choudhuri	—	—	150,000	—	122,000	272,000
Mr P L Agarwal	—	—	150,000	—	20,000	170,000
Mr B N Ghosh	—	—	66,000	—	40,000	106,000
Mr P Koek	—	—	—	—	—	—
Mr M Miyasaka	—	—	—	—	—	—

n 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.

n No Severance Fee is payable.

n 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.

n The Non-Executive Directors do not hold any shares or convertible instruments of the Company.

n 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 12th June, 2008. The criteria of payment of commission to the Resident Non-Executive Directors is as under :

1 Non-Executive Chairman - 0.5% of the profits subject to annual ceiling of Rs.600,000/-

1 Others - 0.5% of the profits subject to annual ceiling of Rs.150,000/- per Director.

n 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.

n 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 dividend etc.

B) Composition

Pursuant to the resignation of Prof R Das, Mr P L Agarwal was inducted as the Chairman of the Shareholders'/Investors' Grievance Committee of the Company on 26th April, 2009 and now comprised of three Directors.

The Chairman is a Non-Executive Independent Director.

As on 31st December, 2009, the Committee comprises of:

Name of Member	Category
Mr P L Agarwal	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, 2009, one meeting was held on 12th January, 2009. All the members, except Mr P Koek attended the meeting.

D) Status of Transfers

During the year ended 31st December, 2009, 1019 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December, 2009.

E) Complaints

During the year ended 31st December, 2009, 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 :

- n The Audit Committee reviews the financial statements made by the aforesaid subsidiary company.
- n The minutes of the Board Meetings of the subsidiary company are placed at the Board Meeting of the Company.
- n 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
61st	31.12.2008	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001	12.05.2009	11.00 a.m.
60th	31.12.2007	As above	12.06.2008	11.00 a.m.
59th	31.12.2006	As above	29.05.2007	11.00 a.m.

B) *Postal Ballot Exercise*

The following resolution was passed by Postal Ballot during the year ended 31st December, 2009, result of which was declared on 6th July, 2009:

Date of Postal ballot Notice	Nature of resolution	Number of votes cast in favour of the resolution	Number of votes cast against the resolution
12.05.2009	Alteration in the Object Clause of the Memorandum of Association	6,677,198	85

The Company appointed Mr Tarun Chatterjee, Practising Company Secretary, as scrutinizer to conduct the Postal ballot exercise.

The postal ballot exercise is carried out in the manner prescribed under Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The postal ballot notice and postal ballot form are distributed amongst the Shareholders of the Company, whose names appear in the Register of Members/Depositories on a particular record date fixed for the purpose. Shareholders are required to complete the postal ballot forms, following relevant instructions and send them back at the address printed on postage-paid envelopes, provided by the Company along with the postal ballot forms so as to reach on or before the specified date. The scrutinizer examines the postal ballots received from shareholders to ascertain the votes cast in favour of/against the resolutions set out in the postal ballot notice and results of such voting are announced by the Chairman.

C) *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.

D) *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.14,559,536/- and sale of services to the extent of Rs.9,401,990/- 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) 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.
- G) 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) Quarterly Results:
 - n Newspapers published in : The Economic Times
Sambad Pratidin
 - n Website where displayed : www.dicindia ltd.com
- C) Whether the website also displays official news releases and presentations to institutional investors/analysts : Yes
- D) Audited Financial Results: :
 - n Newspapers published in : The Economic Times
Sambad Pratidin
 - n Website where displayed : www.dicindia ltd.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 the 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, 2009 forms part of the Annual report.

11. CEO/CFO Certification

The aforesaid certificate duly signed by the Chief Executive Officer and the Chief Financial Officer in respect of the financial year ended 31st December, 2009 has been placed before the Board in the meeting held on 10th February, 2010.

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 web-site 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. 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.

6. 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, 2010

**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 of 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 31st December, 2009. The same has been duly noted by the Board in its meeting held on 10th February, 2010.

For **DIC INDIA LIMITED**

Place : Kolkata

Date : 10th February, 2010

DR P K DUTT

Chairman & Chief Executive Officer

AUDITORS' CERTIFICATE

AUDITORS' 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 for the year ended on 31st December, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementations 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 further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Kolkata,
Date : 10th February, 2010

PRABAL KR SARKAR
Partner
Membership No.52340
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Shareholder Information

1. Annual General Meeting

The 62nd Annual General Meeting will be held at 11:00 a.m. on Wednesday, 2nd June, 2010, 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, 2009, results were announced on :

Approval of	Board Meeting Date
Unaudited Results for 1st quarter ended 31.03.2009	26.04.2009
Unaudited Results for 2nd quarter ended 30.06.2009	25.07.2009
Unaudited Results for 3rd quarter ended 30.09.2009	27.10.2009
Audited Results for financial year ended 31.12.2009	10.02.2010

3. Book Closure Date

The period of book closure is from 24th May, 2010 to 2nd June, 2010 both days inclusive.

4. Dividend Payment Date

A Dividend payment of Rs.4.00 per equity share of Rs.10/- each will be paid on 5th June, 2010, 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,
- The 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 2009-10 have been paid to all these Stock Exchanges. The Annual Listing Fees for the year 2010-11 will be paid within the stipulated time.

7. Custodial Fees to Depositories

The Company has paid Annual Custodial Fee for the year 2009-10 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Custodial Fees for the year 2010-11 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 dematerialized mode, as allotted by NSDL and CDSL is INE 303A01010.

9. **Stock Code**

The Company's Stock Exchange Codes are as follows:

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

10. **Market Price Data**

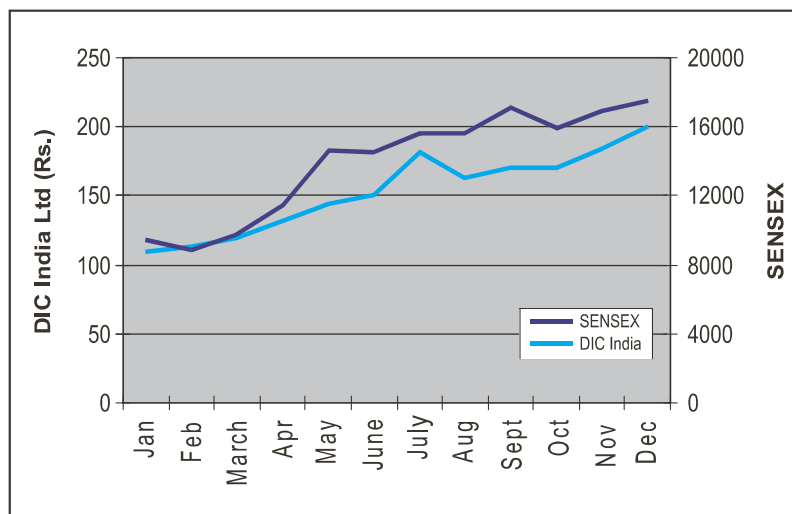
Monthly High and Low price of Company's Equity Shares at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from 1st January, 2009 to 31st December, 2009 are stated hereunder. There were no significant transactions on Calcutta Stock Exchange Association Limited.

Monthly High & Low quotation of the Company's Equity Share:

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January, 2009	125.00	105.00	125.80	106.10
February, 2009	128.00	107.05	128.50	108.00
March, 2009	120.00	103.50	123.95	102.50
April, 2009	150.00	116.00	149.90	115.00
May, 2009	153.80	115.00	154.75	115.50
June, 2009	178.00	145.00	174.90	140.20
July, 2009	189.75	140.00	192.00	135.30
August, 2009	189.90	158.05	185.00	156.10
September, 2009	183.90	160.00	186.00	161.00
October, 2009	200.90	165.25	201.90	165.25
November, 2009	217.00	166.50	208.00	161.00
December, 2009	206.65	180.10	206.70	185.00

11. **Movement of DIC India Limited Share Price with BSE Sensex**

(Based on Closing prices of BSE Sensex and DIL)



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

12. **Registrar and Share Transfer Agent**

Pursuant to the directive of The 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 CB Management Services (P) Limited, Kolkata, from 1st April, 2003 as its Registrar & Transfer Agent, to handle its entire share related activity - both for physical shares and shares in demat form.

M/s CB Management Services (P) Limited

P-22, Bondel Road, Kolkata-700 019
 Phone: 2280 6692/93/94/2486/4011 6700/29
 Fax: 91-33-2287 0263
 E-mail: rta@cbmsl.com

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, 2009

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	121,288	1.32
Government/Financial Institutions/ Banks/Mutual Funds	723	0.01
Bodies Corporate	241,066	2.62
Foreign Institutional Investors	50	0.00
NRIs/OCBs	22,058	0.24
Public	2,175,315	23.70
Others	31,866	0.35
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, 2009 is as follows:

Slab	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 — 500	7,848	93.18	777,231	8.47
501 — 1000	270	3.21	206,318	2.25
1001 — 2000	148	1.76	222,151	2.42
2001 — 3000	57	0.68	143,997	1.57
3001 — 4000	29	0.34	104,055	1.13
4001 — 5000	27	0.32	127,437	1.39
5001 — 10000	24	0.29	183,566	1.99
10001 — above	19	0.22	7,414,222	80.78
Total	8,422	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 dematerialized 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 the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

As on 31st December, 2009, 97.04% of the Company's total paid up capital representing 8,906,831 equity shares was held in dematerialised form and the balance 2.96% representing 272,146 equity shares were 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
16th Floor, Dalal Street
Mumbai - 400 001

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)
2009	40	36.72
2008	35	32.13
2007	35	32.13
2006	35	24.10
2005	35	24.10
2004	35	24.10
2003	35	24.10
2002	35	24.10
2001	40	27.54
2000	42	28.92

22. **Unclaimed Dividend**

Unclaimed dividend for the years prior to and including the financial year 2001 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 dividends 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 31/12/2009 (Rs.)	Due for transfer to IEPF on
31.12.2002	55th	25.06.2003	24,099,379.50	171,458.00	06.07.2010
31.12.2003	56th	29.06.2004	24,099,379.50	161,536.00	06.07.2011
31.12.2004	57th	29.04.2005	24,099,379.50	172,822.00	06.05.2012
31.12.2005	58th	15.05.2006	24,099,379.50	146,661.00	22.05.2013
31.12.2006	59th	29.05.2007	24,099,379.50	152,820.50	05.05.2014
31.12.2007	60th	12.06.2008	32,126,419.50	168,140.00	17.06.2015
31.12.2008	61st	12.05.2009	32,126,419.50	222,481.00	19.05.2016

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
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
Bengaluru	66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bengaluru - 562 158
	* 66B, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bengaluru - 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 : 91-33- 2449 6591 to 6 (6 lines)

Fax : 91-33- 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, 2009.

OVERVIEW OF THE ECONOMY

The year 2009 was perhaps the most eventful year in the Indian economic front. The year started with the Indian economy grappling with the ripple effects of the unprecedented adverse global developments leading to recessionary condition with waning domestic demand, shrinkage in industrial production, lower export growth. The poor monsoon also affected the agricultural sector and further compounding the problem during the year. The Government, to counter the cascading effect, continued its effort to revive the economy with the various fiscal and monetary measures introduced from time to time. The economy slowly started responding to the measures from June, 2009 and the latest reports confirm the same with a marked recovery in industrial growth, increase in export etc. The very high rate of inflation, rising crude prices and the fiscal deficit remain a cause of concern. With the global economy stabilizing, albeit, slowly, if the Government can address these concerns suitably, India is expected to have a robust economic growth.

INDUSTRY OVERVIEW (PRINTING INK)

Consumption of Printing Ink is directly proportional to the state of economy. The demand in both publication and packaging sector was affected adversely in most of the developed countries as a consequence of economic slowdown. However, in India the impact was not severe, though the demand in publication sector went down considerably. The moderate growth in the FMCG segment, however, resulted in growth in the packaging sector.

FINANCIAL RESULTS

(Rs. in Million)

	2009	2008
Net Sales	4592.52	4719.29
Other Income	103.90	40.64
Total Income	4696.42	4759.93
Operating Profit	316.32	280.58
Profit before Taxation	319.53	231.48
Provision for Taxation including deferred taxation	96.58	80.54
Profit after Tax	222.95	150.94
Balance brought forward from previous year	536.30	438.05
Making a total available for appropriation	759.25	588.99
Out of which Directors have transferred to General Reserve	22.50	15.10
Your Board recommends for distribution as		
Dividend at the rate of Rs.4.00 per share on 9,178,977 Equity Shares (together with Tax on Dividend & Surcharge) absorbing in all (Previous year: Rs.3.50 per share on 9,178,977 Equity Share)	42.96	37.59
Leaving a balance carried forward of	693.79	536.30

PERFORMANCE REVIEW

The Printing Ink market witnessed demand slowdown and sales price came down in general. The slowdown in the economy resulted in the reduction in number of pages by newspaper houses and also in the number of colour advertisement leading to lower demand for News Ink. Packaging Inks business started slowly but subsequently picked up volume. During the year the raw material cost remained low due to subdued global demand

Due to the above, your Company's overall net sales decreased from Rs.4,719.29 million to Rs.4,592.52 million registering a decline of 2.68%. Low raw material cost and improvement in operating efficiency resulted in increase in operating margin. Pre-tax profit was Rs.319.53 million compared to Rs.231.48 million earned in the previous year registering an impressive increase of 38.04%. The post tax profit was Rs.222.95 million in 2009 compared to Rs.150.94 million in the previous year, an increase of 47.71%.

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, 2009 pursuant to approval of the Central Government under Section 212(8) of the Companies Act, 1956. However, a statement of financial information regarding

DIC INDIA LIMITED

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, Pesticide and Paint container business started out in a subdued way but improved subsequently. PP cap business performed at expected level. Aerosol container business was normal and growing. Crown customer also picked up in the latter half. Organosol business was stable. There was a decline in the Collapsible tube business. Battery jacket business was stable.

The Company witnessed an increase in sales from Rs.433.84 million in 2008 to Rs.457.56 million. The impact of lower raw material cost and improvement in operational efficiency resulted in the profit before tax being Rs.71.50 million as against Rs.44.92 million registered during the last year. Likewise, profit after tax also increased from 29.78 million to Rs.48.32 million in the current year.

The Company had declared an interim dividend of Rs.2.50 per share (25%) and followed it up with a second interim dividend of Rs.2.20 (22%) per share in their meeting held on 22nd October, 2009. The total dividend pay-out for the year amounted to Rs.50,539,790.90.

As informed to the Stock Exchanges, the Management is evaluating various options to divest its shareholdings with DIC Coatings India Limited.

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with the Auditors' Report form part of the Annual Report.

DIVIDEND

Considering the performance of the Company and keeping in mind the need to conserve resources for future growth, your Board recommends an increase in the rate of dividend declared to Rs.4.00 per share (FY2008 - 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.94.99 million, a major part of which was spent on plant and equipment.

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 & outgo is annexed and forms a part of this Report.

DEPOSITS FROM PUBLIC

As on 31st December, 2009, 32 deposits aggregating to Rs.0.34 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, 2009, the Company had 620 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 is commensurate 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 main factories at Kolkata and Noida are 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 is in place, the Company has gained from the inbuilt checks and balances and efficient controls by maintaining audit trails.

DIRECTORS

The Board inducted Mr Bhaskar Nath Ghosh into the Board of Company with effect from 25th July, 2009. Mr B N Ghosh brings with his 37 years of experience, vast knowledge in field of finance eg. investment planning, corporate projections, risk management, long term financial planning and corporate decision making. Mr B N Ghosh is not related to any Director in the Company and does not hold any shares in the Company.

The appointment of Mr B N Ghosh 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 B N Ghosh. Appropriate resolution seeking his appointment is appearing in the Notice convening the Annual General Meeting of the Company.

In terms of Articles of Association of the Company, Mr D Banerjee, Mr B Choudhuri and Mr P Koek 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 Act, the Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st December, 2009, 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, 2009 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, 2009 have been prepared on a going concern basis.

AUDITORS

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

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred a total sum of Rs.0.31 million during the financial year 2009 to the Investor Education & Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend amounting to Rs.0.22 million and a further Rs.0.9 million towards unclaimed fixed deposits & interests which has been lying with the Company for a period of 7 years from their respective due dates of payment.

RISKS & MITIGATING STEPS

Dealers Risk

The Company is dependent on large distributors for a part of its sales. The exposure to the distributors are reviewed on a periodical basis by the senior management. There is also a regular review of exposure to other customers in the unorganized sector. The Company also has initiated further measures in the form of doing business on Letter of Credit to minimize the risk with some customers.

Financial Risk

Transactions with foreign parties lead to exposure in various foreign currencies. The fluctuations in the rate determined and the time of payment can lead to variance from the actual payment due. A policy on the total hedged exposure to foreign exchange has been introduced and the same is strictly maintained.

Operational Risk

The Company has a system to periodically review the operational risks and take suitable measures as may be appropriate to counter such risks.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

The year 2009 started on a cautious note but caught up pace from the second half of the year. The Government stimuli package alongwith the inherent strength of the Indian economy helped in preventing the global recessionary trend from affecting India much. As a result of the same, the industrial output surged to 11.7% in November, 2009.

It is expected that the GDP rate projection of 7.2% will be achieved for the current fiscal. The primary focus of the next fiscal would be of consolidation of the recovery through combination of monetary, fiscal and other measures and the GDP is expected to achieve a growth rate of 8.5%. Economic growth, favourable monsoon and a favourable demographic profile are the key demand drivers of maintaining the momentum in growth.

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. 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 concern however remains on the uncertainty in oil price.

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,

DIC INDIA LIMITED

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

B CHOUDHURI

Director

Kolkata

10th February, 2010

Cautionary Statement: Statement in the Directors Report and Management Discussion & Analysis describing the Company's expectations may be forward-looking within the meaning of applicable securities laws & regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation include global and domestic demands and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their costs, changes in government policies and tax laws, economic development of the country and such other factors which are material to the business of the Company.

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, 2009

A. Power and Fuel Consumption

(a)	Fuel consumption	Units	2009	2008
1	Electricity			
(i)	Purchased from Electricity Board			
	KWH	Million	9.21	9.64
	Total Amount	Rs. in Million	51.36	51.17
	Average Rate	Rs./Units	5.58	5.31
(ii)	Purchased from Others			
	KWH	Million	—	—
	Total Amount	Rs. in Million	—	—
	Average Rate	Rs./Units	—	—
(iii)	Own Generation - through Diesel Generator			
	KWH	Million	0.73	1.10
	Unit per litre of diesel	KWH	3.03	2.67
	Average Rate	Rs./Units	9.80	11.36
2.	HSD Used			
	Litre	Million	0.31	0.19
	Total Amount	Rs. in million	9.90	6.14
	Average Rate	Rs./Units	31.55	32.95
3.	Furnace Oil			
	Litre	Million	—	—
	Total Amount	Rs. in million	—	—
	Average Rate	Rs./Units	—	—

(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:

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

- 1 Opportunities to expand business in new areas
- 1 Cost and quality advantage in highly competitive inks market.
- 1 Product range extensions will increase the market reach
- 1 Inks range expanded to cater high-end customers and will act as an import substitute
- 1 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 superior performance inks for different applications to its customers.

4. Expenditure on R & D

The Company has a modern R&D Centre. During the year, the Company has incurred on R&D Facilities:

- 1 No expenditure incurred which was capital in nature
- 1 Recurring Expenditure of Rs.17.45 million
- 1 Total Expenditure Rs.17.45 million
- 1 Total R&D Expenditure as a percentage to total turn-over was 0.38%.

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 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.208.73 million (from Rs.297.48 million in 2008), registering a significant reduction of 29.83%. Earnings in foreign exchange through exports and other earnings amounted to Rs.211.12 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. 1196.94 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, 2009

Name	Age (Years)	Designation/ Nature of duties	Date of joining	Qualification	Experience (Years)	Previous Employment		Gross Remuneration (Rs.)
						Designation/ Employer	Period of employment	
Dr P K Dutt	68	Chairman and Chief Executive Officer	02.05.1984	M.Tech, Ph.D	45	Managing Director - Coates Brothers (WA) Ltd Nigeria	2 Years	8,791,666
Mr A D Chatterjee	57	Wholetime Director	19.05.1978	M.Sc., MBA	32	Sr. Executive - M L Dalmiya Co Ltd	1 year	3,766,701
Mr S Bhaumik	56	Wholetime Director	07.07.1997	B.Com (Hons), LLb, FCA	32	General Manager (Sales & Marketing) - JBA Printing Inks Ltd	15 years	3,852,855
Mr T B Chatterjee	54	Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary	21.08.1996	B.Com (Hons), M.Com, FCS, MIIA (USA)	33	Company Secretary & Finance Manager - Asiatic Oxygen Ltd	2 years	2,665,807

- Notes :
- 1) Gross Remuneration includes salary, house rent, bonus/incentive 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

Place : Kolkata
Date : 10th February, 2010

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, 2009 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 3 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, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2009 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, 2009;
 - (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, 2010

PRABAL KR SARKAR
Partner
Membership No.52340
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, 2009]

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 a company 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.57,345,210 and Rs.Nil 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 services to the extent of Rs.14,559,536 and sale of services to the extent of Rs.9,401,990 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, 2009 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, 2009 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	11,828,924 15,532,404 3,625,022	Hon'ble High Court at Calcutta Commissioner of Income Tax (Appeal) Commissioner of Income Tax (Appeal)
Local Sales Tax Act	49,618 2,361,425 1,109,088 178,984	Deputy Commissioner of Commercial Taxes Commissioner of Appeal Appellate and Divisional Board Hon'ble High Court
Central Sales Tax	13,181,506	Commissioner of Appeal
Excise Duty/Service Tax	21,885,029 15,420,448 63,869,860	Central Excise and Service Tax Appellate Tribunal Commissioner of Appeal Assistant Commissioner
Custom Duty	3,428,167	Hon'ble High Court

10. The company has no accumulated losses as at 31st December, 2009 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 explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holder 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, 2010

PRABAL KR SARKAR
Partner
Membership No.52340
For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

Balance Sheet

BALANCE SHEET As at 31st December, 2009

(Rs. in Million)

	Schedule	As at 31st December 2009		As at 31st December 2008	
I SOURCES OF FUNDS					
Shareholders' Funds					
a) Capital	1	91.79		91.79	
b) Reserves & Surplus	2	<u>1,891.57</u>	1,983.36	<u>1,711.58</u>	1,803.37
Loan Funds					
a) Secured	3	166.75		88.73	
b) Unsecured	4	<u>260.00</u>	426.75	<u>408.23</u>	496.96
Deferred Taxation	13		64.12		59.99
TOTAL			<u>2,474.23</u>		<u>2,360.32</u>
II APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	5	1,236.27		1,176.28	
b) Less: Accumulated Depreciation and Amortisation		<u>566.28</u>		<u>488.93</u>	
c) Net Block		669.99		687.35	
d) Capital Work-in-Progress		<u>86.75</u>	756.74	<u>57.71</u>	745.06
Investments	6		107.53		107.53
Current Assets, Loans & Advances					
a) Inventories	7	592.31		647.61	
b) Sundry Debtors	8	1,269.24		1,319.10	
c) Cash & Bank Balances	9	251.03		173.45	
d) Loans & Advances	10	<u>245.40</u>		<u>237.83</u>	
		2,357.98		2,377.99	
Less: Current Liabilities & Provisions					
a) Liabilities	11	683.78		817.18	
b) Provisions	12	<u>64.24</u>		<u>53.08</u>	
		748.02		870.26	
Net Current Assets			1,609.96		1,507.73
TOTAL			<u>2,474.23</u>		<u>2,360.32</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.

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

Profit & Loss Account

PROFIT & LOSS ACCOUNT

For the year ended 31st December, 2009

(Rs. in Million)

	Schedule	Year ended 31st December 2009	Year ended 31st December 2008
I INCOME			
Sales		4,961.58	5,331.87
Less: Excise Duty		369.06	612.58
		4,592.52	4,719.29
Other Income	14	103.90	40.64
		4,696.42	4,759.93
II EXPENDITURE			
Materials Consumed	15	3,354.29	3,545.21
Expenses	16	892.28	848.72
Depreciation and Amortisation		82.32	71.96
Interest (Note No.17 in Sch.17)		38.16	57.24
Discount on Issue of Commercial Paper		9.84	5.32
		4,376.89	4,528.45
III PROFIT			
Profit before Taxation		319.53	231.48
Less: Taxation for the year			
– Current Tax (Note No.10 in Sch.17)		91.00	73.00
– Deferred Tax		4.13	5.10
– Fringe Benefit Tax		1.45	2.44
		96.58	80.54
Profit after Taxation		222.95	150.94
Profit brought forward		536.30	438.05
Profit available for appropriation		759.25	588.99
IV APPROPRIATIONS			
General Reserve		22.50	15.10
Proposed Dividend		36.72	32.13
Add: Dividend Tax incl. Surcharge		6.24	5.46
Profit carried forward		693.79	536.30
		759.25	588.99
Earnings Per Share (Note No.27 in Sch.17)			
– Basic and Diluted		24.29	16.56
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.

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

Schedules to the Accounts

	As at 31st December 2009	(Rs. in Million) As at 31st December 2008
Schedule 1		
CAPITAL		
Authorised		
15,000,000 (2008 – 15,000,000) Equity Shares of Rs.10 each	150.00	150.00
Issued and Subscribed		
9,178,977 (2008 – 9,178,977) Equity Shares of Rs.10 each fully paid	91.79	91.79

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 Shares are currently held by the holding company, DIC Asia Pacific Pte Limited, Singapore.

	As at 31st December 2009	(Rs. in Million) As at 31st December 2008
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve		
As per last Account	0.05	0.05
	0.05	0.05
Securities Premium Account		
As per last Account	654.81	161.71
Add: Premium on Rights Issue	–	493.10
	654.81	654.81
General Reserve		
As per last Account	520.42	505.32
Add: Transferred from Profit & Loss Account	22.50	15.10
	542.92	520.42
Profit & Loss Account		
	693.79	536.30
	1,891.57	1,711.58

Schedules to the Accounts

	As at 31st December 2009	(Rs. in Million)	As at 31st December 2008
Schedule 3			
SECURED LOANS			
Overdrafts/Working Capital Loans			
From Banks	166.75		88.73
(Note No.3 in Sch.17)			
	<u>166.75</u>		<u>88.73</u>
Schedule 4			
UNSECURED LOANS			
Short Term Loan from Subsidiary	–		10.00
Short Term Loan from Banks	100.00		100.00
Short Term Loan from others	160.00	150.00	
Add: Interest Accrued & Due	<u>–</u>	<u>0.88</u>	150.88
Commercial Paper Loan	–		100.00
[Maximum amount outstanding at any time during the year is Rs.300,000,000 (2008 - Rs.150,000,000)]			
Other Loan			
From Holding Company	–	45.87	
Add: Interest Accrued & Due	<u>–</u>	<u>1.48</u>	47.35
	<u>260.00</u>		<u>408.23</u>

Schedules to the Accounts

Schedule 5

FIXED ASSETS

(Rs. in Million)

Particulars	Cost as at 1.1.2009	Addition during the year	Sales/ Discards/ Transfer	Cost as at 31.12.2009	Depreciation				Amortisation				Net Value as at 31.12.2009	Net Value as at 31.12.2008	
					As at 1.1.2009	For the Year	As at 31.12.2009	On Sales/ Discards/ Transfer	As at 1.1.2009	For the Year	As at 31.12.2009	On Sales/ Discards/ Transfer			
INTANGIBLE ASSETS															
Computer Software	20.04	—	—	20.04	—	—	—	—	10.86	5.01	15.87	—	4.17	9.18	
TANGIBLE ASSETS															
Land-Freehold	9.08	—	—	9.08	—	—	—	—	—	—	—	—	9.08	9.08	
Land Leasehold	17.47	—	—	17.47	—	—	—	2.84	—	0.45	3.29	—	14.18	14.63	
Buildings	155.78	13.07	—	168.85	61.52	7.97	—	—	—	—	—	—	99.36	94.26	
Plant & Machinery	887.90	48.01	2.47	933.44	354.18	61.54	1.89	—	—	—	—	—	519.61	533.72	
Furniture & Equipment	29.25	2.98	—	32.23	16.58	2.03	—	—	—	—	—	—	13.62	12.67	
Transport Vehicles	4.80	0.20	0.55	4.45	3.29	0.32	0.31	—	—	—	—	—	1.15	1.51	
Computers	51.96	1.67	2.92	50.71	39.66	5.00	2.77	—	—	—	—	—	8.82	12.30	
Total	1,176.28	65.93	5.94	1,236.27	475.23	76.86	4.97	—	13.70	5.46	19.16	—	669.99	687.35	
Previous year	939.04	265.17	27.93	1,176.28	430.77	66.49	22.03	—	8.23	5.47	13.70	—	687.35		

Schedules to the Accounts

	As at 31st December 2009	(Rs. in Million) As at 31st December 2008
Schedule 6		
INVESTMENTS (At cost less provision)		
Long Term Investments - Unquoted		
1) Investment in Subsidiary		
DIC Coatings India Limited, 10,753,147 Equity Shares of Rs.10 each fully paid	107.53	107.53
2) Other than Trade Unquoted		
* 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)	—	—
* Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10 each fully paid (Rs.200)	—	—
	107.53	107.53

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

Schedules to the Accounts

	(Rs. in Million)	
	As at 31st December 2009	As at 31st December 2008
Schedule 7		
INVENTORIES		
Stores	18.67	6.12
Raw Materials	247.21	285.81
Finished Goods	213.14	256.76
Intermediates	104.78	87.99
Containers	8.51	10.93
	<u>592.31</u>	<u>647.61</u>
Schedule 8		
SUNDRY DEBTORS		
Debts outstanding over six months		
Secured – Considered good	0.86	1.11
Unsecured – Considered good	68.75	58.93
Unsecured – Considered doubtful	9.40	15.25
	<u>79.01</u>	75.29
Less: Provision for Doubtful Debts	9.40	15.25
Other Debts		
Secured – Considered good	15.79	12.76
Unsecured – Considered good	1,183.84	1,246.30
	<u>1,199.63</u>	<u>1,259.06</u>
	<u>1,269.24</u>	<u>1,319.10</u>
Schedule 9		
CASH AND BANK BALANCES		
Cash-in-Hand	0.61	0.62
Cheques-in-Hand	151.34	134.84
Bank Balances -		
i) with Scheduled Banks	99.06	37.97
ii) with other Banks :		
- Mizuho Corporate Bank Ltd.*	0.02	0.02
* Maximum amount at any time during the year Rs.434,520 (2008 - Rs.935,533)		
	<u>251.03</u>	<u>173.45</u>

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 10		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances to Subsidiary	–	0.36
Bill of Exchange	–	19.52
Advances Recoverable in cash or in kind or for value to be received *	132.09	145.13
Advance Tax (Net of provision for taxation Rs.443,807,106 2008 - Rs.351,357,106)	0.08	2.00
Deposits	21.79	16.78
Balances with Central Excise etc.	91.44	54.04
	245.40	237.83
* includes amount due from an officer of the Company Rs.677,024 (2008 - Rs.777,520), maximum amount outstanding at any point of time during the year Rs.861,187 (2008 - Rs.891,631)		
* includes amount due from directors Rs.1,002,696 (2008 - Rs.1,326,418), maximum at any point of time during the year Rs.1,476,418 (2008 - Rs.1,881,270)		
Schedule 11		
LIABILITIES		
Acceptances	11.72	–
Sundry Creditors		
- Total outstanding due to Micro & Small Enterprises	16.32	57.49
- Total outstanding due to Creditors other than Micro & Small Enterprises	451.84	523.79
(Note No.11 in Sch.17)		
Interest Accrued but not due on loans	0.56	–
Due to Subsidiary	2.86	–
Other Liabilities	200.48	235.90
	683.78	817.18
Schedule 12		
PROVISIONS		
Proposed Dividend	36.72	32.13
Corporate Dividend Tax incl. Surcharge	6.24	5.46
Employees Benefit Scheme	21.28	15.49
	64.24	53.08

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 13		
DEFERRED TAXATION		
Assets		
Employees' Separation Cost	1.68	2.38
Provision for Bad & Doubtful Debts	3.20	5.18
Rights Issue Expenses	1.16	1.75
	6.04	9.31
Liabilities		
Fiscal Allowances on Fixed Assets	68.97	63.58
Oracle Implementation	1.12	2.23
Employees' Benefits	0.07	3.49
	70.16	69.30
	64.12	59.99
	Year ended 31st December 2009	Year ended 31st December 2008
Schedule 14		
OTHER INCOME		
1. Miscellaneous Income		
Sale of Containers	5.26	4.76
Miscellaneous Receipts (Note No.8 in Sch.17)	45.18	21.46
Bad Debts recovered	2.25	0.96
	52.69	27.18
2. Interest on (Note No.9 in Sch.17)		
Loans & Advances	0.35	0.38
Deposits with Bank	-	0.43
	0.35	0.81
3. Dividend Received		
	50.54	-
4. Profit on Disposal of Fixed Assets		
	0.32	12.65
	103.90	40.64
Schedule 15		
MATERIALS CONSUMED		
Commencing Stock		
Raw Materials	285.81	204.30
Finished Goods	256.76	169.70
Intermediates	87.98	53.97
Containers	10.93	11.34
	641.48	439.31
Add: Purchases		
Raw Materials	2,880.12	3,196.08
Finished Goods (Note No.13(iii) in Sch.17)	140.15	250.28
Containers	255.36	272.99
	3,275.63	3,719.35
Less: Closing Stock		
Raw Materials	247.21	285.81
Finished Goods	213.14	256.76
Intermediates	104.78	87.98
Containers	8.51	10.93
	573.64	641.48
	3,343.47	3,517.18
Differential Excise Duty on Finished Goods & Intermediates	(12.39)	0.72
Inter-Factory Freight	23.21	27.31
	3,354.29	3,545.21

Schedules to the Accounts

	Year ended 31st December 2009	(Rs. in Million) Year ended 31st December 2008
Schedule 16		
EXPENSES		
Salaries, Wages, Bonus & Commission	258.29	240.41
Contribution to Provident Fund & other Funds (Net) (Note No.26 in Sch.17)	41.51	41.58
Workmen & Staff Welfare Expenses	35.30	35.17
Directors' Fees	0.43	0.30
Selling Agents' Commission	40.12	46.95
Discount & Rebates	1.54	4.38
Travelling Expenses	17.32	21.47
Rent (Note No.5 in Sch.17)	16.98	20.14
Rates & Taxes	11.37	9.82
Power & Fuel	80.34	86.36
Insurance	19.07	15.74
Despatching Expenses	119.99	104.36
Miscellaneous Expenses (Note No.7 in Sch.17)	141.72	114.95
Processing Charges	11.70	13.64
Royalty	61.22	57.87
Repairs & Maintenance		
Buildings	6.65	6.40
Plant & Machinery	22.23	23.38
Others	4.14	3.44
Auditors' Remuneration (Note No.16 in Sch.17)	2.36	2.36
	892.28	848.72

Schedules to the Accounts

Schedule annexed to and forming part of Financial Statements for the year ended 31st December, 2009

Schedule 17

NOTES TO THE FINANCIAL STATEMENTS

1. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account Rs.37,777,107 (2008 - Rs.47,641,150).

2. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- (i) Income Tax matters Rs.30,986,350 (2008 - Rs.19,091,419);
- ii) Disputed Sales Tax, Excise Duties, etc. Rs.121,484,125 (2008 - Rs.235,548,644) for which appeals before the relevant authorities are pending disposal;
- iii) In respect of Bills Discounted Rs.Nil (2008 - Rs.88,938,247);

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;

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. Derivative Instruments

- (i) 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, 2009			As at 31st December, 2008		
	Sell	Buy	Net	Sell	Buy	Net
EURO	77,420	80,322	(2,902)	205,709	134,226	71,483
GBP	78	213,071	(212,993)	26,410	394,990	(368,580)
JPY	925,000	15,227,258	(14,302,258)	—	51,977,886	(51,977,886)
CHF	—	230	(230)	—	—	—
USD	1,007,682	1,330,120	(322,438)	1,554,584	425,709	1,128,875

Schedules to the Accounts

Schedule 17 (contd.)

- (ii) 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, 2009			As at 31st December, 2008		
	Sell	Buy	Net	Sell	Buy	Net
JPY	—	—	—	—	10,000,000	(10,000,000)
USD	—	—	—	—	500,000	(500,000)

5. 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-cancelable, 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, 2009 and amount paid during the year are given below:

	<u>2009 (Rs.)</u>	<u>2008 (Rs.)</u>
		Minimum Lease Payments due
Not later than one year	5,077,454	5,276,840
Later than one year and not later than five years	6,568,044	5,648,605
		Amount paid during the year
Lease Payment recognised in the Profit & Loss Account	8,077,384	7,561,941
	<u>2009 (Rs.)</u>	<u>2008 (Rs.)</u>

6. Unclaimed Fixed Deposits

Sundry Creditors include:

- | | | |
|---|----------------|---------|
| (i) Unclaimed Fixed Deposits | 343,000 | 452,000 |
| (ii) Unclaimed Interest on Fixed Deposits | 49,838 | 104,310 |

7. Expenses

Miscellaneous expenses include:

- | | | |
|---|-------------------|-----------|
| (i) Bad Debts written off | 22,887,430 | 1,830,637 |
| (ii) Provision for Bad & Doubtful Debts | 9,400,000 | 8,253,241 |
| (iii) Fixed Assets written off | 49,739 | 27,174 |
| (iv) Exchange Loss | — | 4,841,418 |

Schedules to the Accounts

Schedule 17 (contd.)

8. Other Income

	<u>2009 (Rs.)</u>	<u>2008 (Rs.)</u>
Miscellaneous receipts include:		
(i) Fees for services rendered (Gross)	9,029,167	6,000,000
(ii) Commission received (Gross)	2,756,153	3,110,315
(iii) Discounts	2,259,902	2,123,809
(iv) Exchange gain	9,367,925	—
(v) Liability/Provision no longer required written back	15,318,410	2,500,000

9. Interest Income

Interest is stated at gross

The Income Tax deducted at source was as follows:

Interest on Loans, Advances and Bank deposits	64,565	301,581
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10. Provision for Taxation

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, 2009 to 31st March, 2009 forming part of the assessment year 2009-2010. Ultimate liability for taxation for the assessment year 2010-2011 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, 2010 as one composite income.

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

	2009 (Rs.)	2008 (Rs.)
(i) Principal amount remaining unpaid at the end of the year	13,911,130	50,973,892
Interest due thereon remaining unpaid as at the end of year	4,140,921	6,517,423
(ii) Delayed payment of principal amount paid beyond the appointed day during the year	270,995,689	246,295,520
Interest actually paid under Section 16 of the Act, during the year	4,712,613	—
(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	2,336,111	6,377,756
Interest remaining unpaid, out of above, as at the end of the year	1,089,828	6,377,756
(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	4,140,921	6,517,423

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.)

12. Raw Materials Consumed

Class of Goods	2009		2008	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Pigments (MT)	6,157	953,531,411	6,712	965,634,498
Resins * (MT)	5,485	580,048,126	5,476	521,333,430
Oil (MT)	10,950	394,427,063	11,536	552,529,608
Solvents (MT)	9,266	494,187,088	9,296	561,612,025
Miscellaneous Chemicals (MT)	1,696	292,345,666	2,017	314,909,271
Rubber Blanket (Sq. Yards)	29,850	33,532,053	46,773	42,890,910
Lamination Adhesive (MT)	2,410	170,649,130	2,074	155,654,818
TOTAL		2,918,720,537		3,114,564,560

* Excludes Resin processed **1,670** 1,985
(in Tonnes) for own consumption
[Note No.13 (i) & (ii)]

13. 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.	57,720 (60,936)	32,286 (33,244)
Synthetic Resins (+)	Tonnes	N. A.	— (—)	— (—)
Press Room Chemicals	Tonnes	N. A.	360 (360)	104 (142)
Rubber Blankets	Sq. Yards	N. A.	— (—)	12,307 (15,600)

* 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 1670 tonnes (2008 - 1985 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.)	1,348 (1,078)	195,175,202 (137,513,114)	1,325 (1,348)	166,288,824 (195,175,202)	32,309 (32,974)	4,451,118,701 (4,733,066,968)
Synthetic Resins* (M.T.)	238 (128)	25,081,995 (10,967,734)	145 (238)	12,831,819 (25,081,995)	- (-)	- (-)
Press Room Chemicals (M.T.)	16 (13)	1,360,527 (899,398)	21 (16)	1,654,263 (1,360,527)	99 (139)	13,191,503 (16,620,115)
Rubber Blankets (Sq.Yd.)	1,460 (611)	4,356,312 (1,056,285)	715 (1460)	1,816,355 (4,356,312)	13,052 (14,751)	51,014,305 (59,650,089)
Lamination Adhesive** (M.T.)	85 (48)	9,011,257 (4,181,239)	134 (85)	13,542,544 (9,011,257)	1,987 (1,737)	246,635,962 (231,966,074)
Total		234,985,293 (154,617,770)		196,133,805 (234,985,293)		4,761,960,471 (5,041,303,246)

* 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.	138,478 (101,252)	13,811,541 (9,433,499)	616,549 (816,583)	48,363,776 (69,657,092)	670,368 (779,357)	81,022,797 (95,738,777)	84,659 (138,478)	6,931,842 (13,811,541)
Printing Inks	Kgs.	118,177 (55,041)	33,043,669 (16,302,467)	198,653 (666,029)	64,891,522 (173,590,342)	297,597 (602,893)	103,542,392 (185,046,494)	19,233 (118,177)	8,378,469 (33,043,669)
Chemicals	Kgs.	- (-)	- (-)	14,924 (-)	18,539,566 (-)	4,325 (-)	4,950,159 (-)	10,599 (-)	14,523,197 (-)
Rubber blanket	(sq.yd.)	- (24)	- (129,724)	- (8)	- (14,359)	- (32)	- (137,000)	- (-)	- (-)
Machine	Nos.	- (-)	- (-)	2 (3)	616,875 (1,143,750)	2 (3)	623,800 (1,172,875)	- (-)	- (-)
Others	M.T.	- (1)	- (181,560)	62,883 (47)	7,738,200 (5,876,545)	62,883 (48)	9,484,072 (8,472,080)	- (-)	- (-)
Total			46,855,210 (26,047,250)		140,149,939 (250,282,088)		199,623,220 (290,567,226)		29,833,508 (46,855,210)

Figures within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

Schedules to the Accounts

Schedule 17 (contd.)

14. Directors' Remuneration

(i) Directors' (including Chief Executive Officer) Remuneration included in Schedule 16

	2009 (Rs.)	2008 (Rs.)
Salary	3,780,000	3,517,500
Commission	683,000	712,500
Management Allowance	3,390,000	3,195,000
Leave Encashment	292,299	151,908
Contribution to Provident and other funds	1,468,123	2,096,889
Performance Bonus	3,156,300	2,933,400
Estimated value of Perquisites	4,324,500	4,183,935
Sitting Fees	426,000	302,000
	<u>17,520,222</u>	<u>17,093,132</u>

(ii) Computation of Net Profit and Directors' Commission

Profit as per Profit & Loss Account	319,546,948	231,480,540
Add: Amount paid under Voluntary Retirement Scheme	–	6,356,517
Add: Depreciation as per books	76,857,029	66,487,269
	<u>396,403,977</u>	<u>304,324,326</u>
Less: Depreciation under Section 350 of Companies Act, 1956	74,719,993	58,974,135
	<u>321,683,984</u>	<u>245,350,191</u>
Less: Profit/(Loss) on disposal of Fixed Assets as per books	321,366	12,649,788
	<u>321,362,618</u>	<u>232,700,403</u>
Add: Profit/(Loss) on disposal of Fixed Assets under Section 350 of the Companies Act, 1956	332,087	11,204,168
	<u>321,694,705</u>	<u>243,904,571</u>
Add: Provision for Bad & Doubtful Debts	9,400,000	8,253,241
	<u>331,094,705</u>	<u>252,157,812</u>
Add: Directors' Remuneration	17,520,222	17,093,132
	<u>348,614,927</u>	<u>269,250,944</u>
Profit for computation of Directors' Remuneration Commission thereon:	348,614,927	269,250,944
@ 1% to Resident Indian Non Wholetime Directors	3,486,149	2,692,509
Restricted to a maximum amount payable to Resident Indian Non Wholetime Directors	683,000	712,500

Schedules to the Accounts

Schedule 17 (contd.)

15. Consumption of Stores and Spares	2009 (Rs.)	2008 (Rs.)
Total consumption of stores & spare parts Rs.54,839,003 (2008 - Rs.58,163,135) includes for:		
(i) Repairs to Plant & Machinery	7,516,488	10,631,692
(ii) Miscellaneous Expenses	20,049,349	14,784,046
(iii) Power & Fuel	27,273,166	32,747,397
	54,839,003	58,163,135
16. Aggregate amount paid/payable to Auditors		
Audit Fees	800,000	800,000
Other Matter	1,254,815	1,245,000
Out of Pocket Expenses	60,000	60,000
Tax Audit	250,000	250,000
Total	2,364,815	2,355,000
17. Interest on Fixed Period Loans		
Interest includes Interest on Fixed Period Loans	23,593,687	35,345,890
18. CIF Value of Imports		
For Raw Materials	931,271,815	1,095,097,701
For Spares Parts	13,941,068	4,731,752
For Capital Goods	4,357,274	22,447,296
For Goods traded in	108,951,343	176,887,424
19. Expenditure in Foreign Currencies (on remittance basis)		
Royalty (net of tax)	104,883,228	22,407,721
Others	10,488,476	11,379,106

Schedules to the Accounts

Schedule 17 (contd.)

20. Details Relating to Consumption

	2009		2008	
	Value (Rs.)	% of Total Consumption	Value (Rs.)	% of Total Consumption
(i) Raw Material				
Imported (at landed cost)	998,650,725	34.22	1,112,631,440	35.72
Indigenous	1,920,069,812	65.78	2,001,933,120	64.28
Total	<u>2,918,720,537</u>	<u>100.00</u>	<u>3,114,564,560</u>	<u>100.00</u>
(ii) Stores & Spare Parts				
Imported (at landed cost)	3,106,448	5.66	6,396,607	10.99
Indigenous	51,732,555	94.34	51,766,528	89.01
Total	<u>54,839,003</u>	<u>100.00</u>	<u>58,163,135</u>	<u>100.00</u>

21. Amount remitted during the year in Foreign Currency on Account of Dividend

	2009 (Rs.)	2008 (Rs.)
Amount Remitted	23,051,270	23,051,270
Year to which dividend relates	31.12.2008	31.12.2007
Number of Non-Resident Shareholders	One	One
Number of Shares held by Non-Resident shareholders to which the dividends are related	6,586,077	6,586,077

22. Earnings in Foreign Exchange during the year

	2009 (Rs.)	2008 (Rs.)
Export of goods on FOB basis	208,734,514	297,477,890
Commission	2,383,330	4,738,069

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

	2009 (Rs.)	2008 (Rs.)	2007 (Rs.)	2006 (Rs.)
Revenue Expenditure includes on account of Research & Development	17,448,641	17,032,450	15,177,735	15,207,317
Capital Expenditure includes on account of Research & Development	—	1,337,934	988,497	3,845,978

Schedules to the Accounts

Schedule 17 (contd.)

24. 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) **Subsidiary**
DIC Coatings India Limited
- (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, Dainichi Building Materials, Inc	DIC Filtec Inc
Dainippon Ink & Chemicals (HK) Ltd	DIC Fine Chemicals Private Limited
Dainippon Ink & Chemicals (Philippines) Inc	DIC Global Logistics Co. Ltd
Dainippon Ink & Chemicals (Thailand) Co. Ltd	DIC Graphics (Guangzhou) Ltd
Dainippon Ink Eco-Engineering Co. Ltd	DIC Graphics (Hong Kong) Ltd
Deqing DIC Synthetic Resins Ltd	DIC Graphics (Shenzhen) Ltd
DH Material Inc	DIC Holdings Austria GmbH
DIC Logistics China Co. Ltd	DIC Holdings B.V
DIC (MALAYSIA) Sdn. Bhd	DIC Imaging Products U.S.A., LLC
DIC (Taiwan) Ltd	DIC India Ltd
DIC (Vietnam) Co., Ltd	DIC Information Service Inc
DIC Alkylphenol Singapore Pte. Ltd	DIC Interior Co. Ltd
DIC Americas Inc	DIC International (Thailand) Co. Ltd
DIC Australia Pty Ltd	DIC International (USA) LLC
	DIC International Chemicals(S) Pte. Ltd
	DIC Investments Japan Inc

Schedules to the Accounts

Schedule 17 (contd.)

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

Schedules to the Accounts

Schedule 17 (contd.)

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) (formerly:Sun
Sun Chemical Central Europe Beteiligungs GmbH	Chemical Sp (z.o.o) Ltd)
Sun Chemical Central Europe Holding & Co KG	Sun Chemical Ukraine Ltd
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
Sun Chemical Group B.V.	S.r.o. (Czech Republic)
Sun Chemical Group S.p.A.	Sun Chemical
Sun Chemical Holding B.V.	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 Ltd
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 LLC	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
	Zhongshan DIC Colour Co. Ltd

(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	62,935,063 (142,795,640)	22,133,564 (13,197,812)	6,131,555 (1,963,259)	168,052,318 (261,380,062)	- (—)	259,252,500 (419,336,773)
Sale of Goods/Fixed Assets	15,245 (—)	- (—)	439,314 (1,475,561)	54,338,644 (106,533,171)	- (—)	54,793,203 (108,008,732)
Rendering of Services	1,806,968 (1,175,634)	- (—)	7,422,823 (6,352,801)	2,555,529 (—)	- (—)	11,785,320 (7,528,435)
Royalty paid/payable	815,180 (278,227)	60,402,196 (58,740,384)	- (—)	- (—)	- (—)	61,217,376 (59,018,611)
Dividend received/receivable	- (—)	- (—)	50,539,791 (—)	- (—)	- (—)	50,539,791 (—)
Dividend paid/payable	- (—)	23,051,270 (23,051,270)	- (—)	- (—)	1,165 (1,165)	23,052,435 (23,052,435)
Remuneration paid/payable	- (—)	- (—)	- (—)	- (—)	17,094,222 (16,078,632)	17,094,222 (16,078,632)
Expenses incurred by the Company on behalf of the Group/subsidiary	- (—)	- (511,330)	5,124,621 (19,875,366)	37,641 (1,328,249)	- (—)	5,162,262 (21,714,945)
Expenses incurred by the Group/ Subsidiary on behalf of the Company	- (—)	- (—)	238,185 (67,720)	- (—)	- (—)	238,185 (67,720)
Interest Charges	- (—)	2,697,958 (2,881,590)	459,795 (825,138)	- (—)	- (—)	3,157,753 (3,706,728)
Processing Charges	- (—)	- (—)	14,559,536 (11,508,560)	- (—)	- (—)	14,559,536 (11,508,560)
Outstanding on Account of:						
Purchase of goods	8,373,980 (34,590,237)	- (7,905,472)	- (—)	48,290,553 (35,954,956)	- (—)	56,664,533 (78,450,665)
Sale of goods	- (—)	- (—)	- (—)	12,460,424 (30,257,961)	- (—)	12,460,424 (30,257,961)
Royalty	734,908 (270,404)	28,976,256 (81,460,383)	- (—)	- (—)	- (—)	29,711,164 (81,730,787)
Rendering of Services	- (—)	- (—)	- (—)	2,555,529 (—)	- (—)	2,555,529 —
Recovery of Expenses	1,382,913 (—)	- (—)	- (—)	- (—)	- (—)	1,382,913 —
Loan accepted	- (—)	- (47,345,210)	- (10,000,000)	- (—)	- (—)	- (57,345,210)
Loans/Advances granted	- (—)	- (—)	- (360,861)	2,341,440 (622,331)	- (—)	2,341,440 (983,192)
Payable (Net of Advances)	- (—)	- (—)	2,859,174 (—)	- (—)	2,660,804 (1,748,648)	5,519,978 (1,748,648)

Figures within brackets relate to previous year.

25. 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	
	2009	2008	2009	2008	2009	2008
REVENUE						
External Sales	4,362,265,435	4,510,918,254	230,253,806	208,367,438	4,592,519,241	4,719,285,692
Total Revenue	4,362,265,435	4,510,918,254	230,253,806	208,367,438	4,592,519,241	4,719,285,692
RESULTS						
Segment/Operating Results	345,499,636	285,518,495	43,877,537	26,919,103	389,377,173	312,437,598
Unallocable Expenses	—	—	—	—	(21,860,520)	(18,397,627)
Interest Expenses	—	—	—	—	(47,991,056)	(62,559,431)
Provision for Tax [including Deferred Tax]	—	—	—	—	(96,584,605)	(80,545,255)
Net Profit	345,499,636	285,518,495	43,877,537	26,919,103	222,940,992	150,935,285
OTHER INFORMATION						
Segment Assets	2,873,334,340	2,968,365,327	97,800,300	82,999,391	2,971,134,640	3,051,364,720
Un-allocable Assets	—	—	—	—	251,117,454	179,219,801
Total Assets	2,873,334,340	2,968,365,327	97,800,300	82,999,391	3,222,252,094	3,230,584,521
Segment Liabilities	673,261,332	845,438,754	10,516,820	6,403,002	683,778,152	851,841,756
Un-allocable Liabilities & Provisions	—	—	—	—	2,538,473,942	2,378,742,765
Total Liabilities	673,261,332	845,438,754	10,516,820	6,403,002	3,222,252,094	3,230,584,521
Depreciation	82,319,228	71,947,217	—	—	82,319,228	71,947,217
Un-allocable Depreciation	—	—	—	—	—	—
Total Depreciation	82,319,228	71,947,217	—	—	82,319,228	71,947,217
Capital Expenditure including CWIP	94,967,934	140,593,678	—	—	94,967,934	140,593,678
Non-cash Expenditure other than Depreciation	31,277,905	—	1,009,525	—	32,287,430	—

26. Retirement Benefit

The Company operates Defined Contribution Schemes like Provident Fund and Superannuation Schemes. Contributions to Provident Funds are made by the Company, based on current salaries, to recognized funds maintained by the Company. In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes are 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 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. 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 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.

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.

Schedules to the Accounts

Schedule 17 (contd.)

Amounts recognized in the Balance Sheet are as follows:

(Rs. in Lakhs)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present value of defined benefit obligation	2009	833.12	515.67	61.87
	2008	868.83	453.39	43.52
	2007	755.87	437.50	41.10
Fair value of plan assets	2009	1016.29	478.95	—
	2008	1074.03	458.98	—
	2007	1088.23	441.19	—
Unrecognized past service cost	2009	—	—	—
	2008	—	—	—
	2007	—	—	5.03
Net Asset/(Liability)	2009	183.17	(36.72)	(61.87)
	2008	205.20	5.59	(43.52)
	2007	332.36	3.69	(36.07)

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

(Rs. in lakhs)

	Year	Pension	Gratuity	Retirement Benefit
Current service cost	2009	—	32.79	1.41
	2008	—	30.47	2.41
	2007	89.21	23.84	1.00
Interest on obligation	2009	57.59	30.81	2.94
	2008	56.46	32.67	3.18
	2007	74.40	33.84	1.54
Expected return on plan assets	2009	(72.37)	(32.55)	—
	2008	(84.11)	(35.57)	—
	2007	(84.05)	(35.61)	—
Net Actuarial loss/(gain) recognized during the year	2009	36.81	48.49	(1.37)
	2008	211.66	34.89	2.33
	2007	(228.85)	17.27	(0.05)
Curtailment cost	2009	—	—	—
	2008	(38.71)	—	—
	2007	—	—	—
Past service cost	2009	—	—	20.62
	2008	—	—	5.03
	2007	0.72	(7.23)	16.40
Total	2009	22.03	79.54	23.60
	2008	145.30	62.46	12.95
	2007	(148.57)	32.11	18.89

Schedules to the Accounts**Schedule 17** (contd.)**Reconciliation of opening and closing balances of the present value of the obligations**

(Rs. in lakhs)

	Year	Pension	Gratuity	Retirement Benefit
Opening defined benefit obligation	2009	868.83	453.39	43.52
	2008	755.87	437.50	41.10
	2007	999.35	452.11	21.43
Current service cost	2009	—	32.79	1.41
	2008	—	30.47	2.41
	2007	89.21	23.84	1.00
Interest cost	2009	57.59	30.81	2.94
	2008	56.46	32.67	3.18
	2007	74.40	33.84	1.54
Actuarial loss/(gain)	2009	44.62	49.57	(1.37)
	2008	212.98	21.20	2.33
	2007	(223.84)	13.79	(0.05)
Curtailment cost	2009	—	—	—
	2008	(38.71)	—	—
	2007	—	—	—
Plan amendments	2009	—	—	20.62
	2008	—	—	—
	2007	0.72	(7.23)	21.43
Benefit paid	2009	(137.92)	(50.89)	(5.25)
	2008	(117.77)	(68.45)	(5.50)
	2007	(183.97)	(78.85)	(4.25)
Closing Defined Benefit Obligation	2009	833.12	515.67	61.87
	2008	868.83	453.39	43.52
	2007	755.87	437.50	41.10

Reconciliation of opening and closing balances of the Fair Value of Plan Assets:

(Rs. in lakhs)

	Year	Pension	Gratuity	Retirement Benefit
Opening fair value of plan assets	2009	1,074.03	458.98	—
	2008	1,088.23	441.25	—
	2007	1,102.05	448.97	—
Expected return on plan assets	2009	72.37	32.55	—
	2008	84.11	35.57	—
	2007	84.05	35.61	—
Actuarial gain/(loss)	2009	7.81	1.08	—
	2008	1.32	(13.69)	—
	2007	5.01	(3.48)	—
Contribution by employer	2009	—	37.23	5.25
	2008	18.14	64.30	5.50
	2007	81.09	38.91	4.25
Benefit paid	2009	(137.92)	(50.89)	(5.25)
	2008	(117.77)	(68.45)	(5.50)
	2007	(183.97)	(78.85)	(4.25)
Closing fair value of Plan Assets	2009	1,016.29	478.95	—
	2008	1,074.03	458.98	—
	2007	1,088.23	441.16	—

Schedules to the Accounts

Schedule 17 (contd.)

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

	Year	Pension	Gratuity
Government of India Securities	2009	31%	25%
	2008	53%	49%
	2007	58%	53%
PSU Bonds/State Securities	2009	33%	22%
	2008	22%	18%
	2007	24%	22%
Insurance managed funds	2009	36%	53%
	2008	25%	33%
	2007	18%	25%
Total	2009	100%	100%
	2008	100%	100%
	2007	100%	100%

Principal Actuarial assumptions used:

	2009	2008	2007
Discount Rates	8.30%	7.20%	8.10% (Pension, Leave Encashment, Gratuity), 8.30% for Retirement Benefit
Expected rate of return on Plan Assets	7.20%	8.10%	9.00%
Expected salary increase rates Mortality rates	8% and Nil for pension. LIC (1994-96) ultimate	5% and Nil for pension. LIC (1994-96) ultimate	5% 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 contribution to Gratuity of Rs.7,954,000 (2008 – Rs.6,246,000) and contribution to defined benefit pension plan Rs.2,203,000 (2008 – Rs.16,069,473)

Contribution to provident and other funds in Schedule 16 includes contribution to defined contribution plans like provident and superannuation fund amounting to Rs.28,974,073 (2008 – Rs.19,260,885)

27. Earnings Per Share

Particulars	2009	2008
Profit/(Loss) after Tax (A) (Rs.)	222,940,992	150,935,285
Number of shares (B)	9,178,977	9,116,143
Earnings Per Share - Basic and Diluted (A/B) (Rs.)	24.29	16.56

28. 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 in all material aspects with 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

- 1 Fixed assets are stated at their original cost (including cost incidental to acquisition) less depreciation.
- 1 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 of the Companies Act, 1956 (Act), in the following manner:

- (i) On Plant and Machinery and Computers added during the period 01.11.1977 to 31.10.1987 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 01.11.1987, on Straight Line Method at rates specified in Schedule XIV of the Act as existing at the time of capitalisation.
 - (iii) On Silos included in Plant and Machinery added from 01.01.2006, on Straight Line Method @ 20%.
 - (iv) On Research Equipment added from 01.01.2003, on Straight Line Method @ 25%.
 - (v) On Airconditioners, on Written Down Value Method @ 13.91%.
 - (vi) On Computers added from 01.11.1987, 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 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 materials include 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. Dividend is accounted for in the year in which it is received.

RETIREMENT/TERMINAL BENEFITS

- (i) 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.
- (ii) The following are the defined benefit obligation and are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries:
 - a) liability for Gratuity
 - b) expected annual cost of providing pension to management staff as per respective conditions of their employment.
 - c) liability accrued during the year in respect of retirement/terminal benefit payable to certain employees governed by agreement with the Union/representing them.
 - d) 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.
- iii) Actuarial gains or losses are charged to Profit & Loss Account.
- iv) 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.
- v) Terminal Benefits are recognized as expenses 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:

- (i) 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.
- (ii) 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 capitalised 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, 2010

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, 2009**

(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	756,739
Share Application	Nil	Investments	107,532
Reserves & Surplus	1,891,574	Net Current Assets	1,609,960
Secured Loan	166,748	Miscellaneous Expenditure	Nil
Unsecured Loan	260,000	Accumulated Losses	Nil
Net Deferred Tax	64,119		

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

Turnover	4,961,584
Total Expenditure	4,376,893
Profit/Loss before Tax	319,526
Profit/Loss after Tax	222,951
Earnings per Share (in Rs.)	
- Basic & Diluted	24.29
Dividend Rate	40%

(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, 2009

(Rs. in Million)

	Year Ended 31st December 2009	Year Ended 31st December 2008
A. Cash Flow from Operating Activities		
Net Profit before Interest, Tax and Extraordinary Items	367.51	294.04
Adjustments for :		
Add: Depreciation & Amortisation	82.32	71.95
Fixed Assets written off	0.05	0.03
Bad Debt written off	22.89	1.83
Provision for Bad & Doubtful Debts	9.40	8.25
Employees Benefit Scheme	5.79	1.98
Unrealised Loss (+) on Foreign Currency	—	2.25
Provision for Wealth Tax	0.33	0.10
Less : Profit on Sale of Assets	(0.32)	(12.65)
Interest Income	(0.35)	(0.81)
Dividend Received	(50.54)	—
Unrealised Gain (-) on Foreign Currency	(0.77)	—
Provision for Doubtful Debts written back	(15.25)	—
Operating Profit before Working Capital Changes	421.06	366.97
Decrease/(Increase) in Trade and other Receivables	20.67	(191.52)
Decrease/(Increase) in Inventories	55.31	(201.90)
Increase/(Decrease) in Trade Payables & other Liabilities	(132.99)	21.47
Cash Generated from Operations	364.05	(4.98)
Less : Payment of Direct Taxes	(90.53)	(82.12)
Less : Payment of Wealth Taxes	(0.22)	—
Net Cash from Operating Activities	273.30	(87.10)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(94.97)	(140.15)
Sale of Fixed Assets	1.23	18.57
Interest Received	0.31	1.66
Dividend Received	50.54	—
Net Cash Flow from Investing Activities	(42.89)	(119.92)

Cash Flow Statement (Contd.)

(Rs. in Million)

	Year Ended 31st December 2009	Year Ended 31st December 2008
C. Cash Flow from Financing Activities		
Net Increase/(Decrease) in Bank Borrowings	78.02	27.84
Issue of Commercial Paper Loan	400.00	250.00
Repayment of Commercial Papers	(500.00)	(250.00)
Acceptance of Short Term Loan from Bank	2,357.00	100.00
Repayment of Short Term Loan from Bank	(2,357.00)	—
Acceptance of Short Term Loan from Others	4,260.00	3,862.50
Repayment of Short Term Loan from Others	(4,250.00)	(3,702.50)
Acceptance of Short Term Loan from Subsidiary	30.00	—
Repayment of Short Term Loan from Subsidiary	(40.00)	—
Repayment of External Commercial Borrowings	(45.87)	—
Interest & Discount on Issue of Commercial Paper	(47.39)	(64.11)
Dividends Paid including Dividend Tax	(37.59)	(37.59)
Share Application Money Received/(Excess Refunded)	—	(0.08)
Net Cash Flow from Financing Activities	(152.83)	186.06
Net increase in Cash and Cash Equivalents (A + B + C)	77.58	(20.96)
Cash and Cash Equivalents (Opening Balance)	173.45	194.41
Cash and Cash Equivalents (Closing Balance)	251.03	173.45
Notes to the Cash Flow Statements:		
1. Cash & Cash Equivalents represent:		
(a) Cash-in-Hand	0.61	0.62
(b) Cheques-in-Hand	151.34	134.84
(c) Balance with Banks	99.08	37.99
	251.03	173.45

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.

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

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	48,320,400	29,784,422	-	-

Note: The Financial Year of Subsidiary ended on 31st December, 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, 2010

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, 2009, 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 auditors 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, 2009;
- (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, 2010

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Balance Sheet

CONSOLIDATED BALANCE SHEET — DIC INDIA LIMITED AND SUBSIDIARY As at 31st December, 2009

				(Rs. in Million)	
	Schedule	As at 31st December 2009		As at 31st December 2008	
I SOURCES OF FUNDS					
Shareholders' Funds					
a) Capital	1	91.79		91.79	
b) Reserves & Surplus	2	<u>2,026.59</u>	2,118.38	<u>1,857.43</u>	1,949.22
Loan Funds					
a) Secured	3	166.75		88.73	
b) Unsecured	4	<u>260.00</u>	426.75	<u>398.23</u>	486.96
Deferred Taxation	13		<u>68.19</u>		64.48
TOTAL			<u>2,613.32</u>		<u>2,500.66</u>
II APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	5	1,343.30		1,285.60	
b) Less: Depreciation and Amortisation		<u>615.79</u>		<u>532.37</u>	
c) Net Block		727.51		753.23	
d) Capital Work-in-Progress		<u>86.79</u>	814.30	<u>57.72</u>	810.95
Investments	6		—		0.01
Current Assets, Loans & Advances					
a) Interest accrued on Investment		0.05		—	
b) Inventories	7	627.58		686.09	
c) Sundry Debtors	8	1,379.72		1,445.60	
d) Cash & Bank Balances	9	333.88		228.40	
e) Loans & Advances	10	<u>255.19</u>		<u>245.38</u>	
		<u>2,596.42</u>		<u>2,605.47</u>	
Less: Current Liabilities & Provisions					
a) Liabilities	11	725.00		859.91	
b) Provisions	12	<u>72.40</u>		<u>55.86</u>	
		<u>797.40</u>		<u>915.77</u>	
Net Current Assets			1,799.02		1,689.70
TOTAL			<u>2,613.32</u>		<u>2,500.66</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.

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

Profit & Loss Account

CONSOLIDATED PROFIT & LOSS ACCOUNT — DIC INDIA LIMITED AND SUBSIDIARY For the year ended 31st December, 2009

(Rs. in Million)

	Schedule	Year ended 31st December 2009	Year ended 31st December 2008	
I INCOME				
Sales		5,452.05	5,827.61	
Less: Excise Duty		408.54	676.53	
		<u>5,043.51</u>	5,151.08	
Other Income	14	51.59	36.51	
		<u>5,095.10</u>	5,187.59	
II EXPENDITURE				
Materials Consumed	15	3,645.69	3,851.39	
Expenses	16	969.21	917.06	
Depreciation and Amortisation		91.06	79.62	
Interest (Note No.17 in Sch.17)		38.82	57.03	
Discount on Issue of Commercial Paper		9.84	5.32	
		<u>4,754.62</u>	4,910.42	
III PROFIT				
Profit from ordinary activities before Tax		340.48	277.17	
Less: Taxation for the year				
– Current Tax (Note No.11 in Sch.17)		114.50	88.50	
– Deferred Tax		3.71	1.63	
– Fringe Benefit Tax		1.56	5.55	95.68
		<u>119.77</u>		
Profit after Taxation		220.71	181.49	
Profit brought forward		680.97	552.17	
Profit available for appropriation		<u>901.68</u>	733.66	
IV APPROPRIATIONS				
General Reserve		27.33		15.10
Proposed Dividend		36.72	32.13	
Add: Dividend Tax incl. Surcharge		14.83	5.46	37.59
Profit carried forward		822.80	680.97	
		<u>901.68</u>	733.66	
Earnings Per Share (Note No.18 in Sch.17)				
- Basic and Diluted		24.04	19.91	
- Face value of Equity Share		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.

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

Schedules to the Consolidated Accounts

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 1		
CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs.10 each	150.00	150.00
Issued and Subscribed		
9,178,977 (2008 - 9,178,977) Equity Shares of Rs.10 each fully paid	91.79	91.79

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) 4,044,351 Shares as fully paid up Bonus Shares by capitalisation of Share Premium and General Reserve, and
- 4) 6,586,077 (2008 - 6,586,077) shares are held by the Holding company, DIC Asia Pacific Pte Limited, Singapore.

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve		
	0.06	0.06
Securities Premium Account		
As per last Account	654.81	161.72
Add: Premium on Rights Issue	–	493.09
	654.81	654.81
General Reserve		
As per last Account	521.59	506.49
Add: Transfer from Profit & Loss Account	27.33	15.10
	548.92	521.59
Profit & Loss Account		
	822.80	680.97
	2,026.59	1,857.43

Schedules to the Consolidated Accounts

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 3		
SECURED LOANS		
Overdrafts/Working Capital Loans		
From Banks	166.75	88.73
(Note No.4 in Sch.17)		
	<u>166.75</u>	<u>88.73</u>
Schedule 4		
UNSECURED LOANS		
Commercial Paper Loans	-	100.00
[Maximum amount outstanding at any time during the year - Rs.30,000,000 (2008 - Rs.150,000,000)]		
Short term Loan		
From Banks	100.00	100.00
From Others	160.00	150.00
Add: Interest Accrued & Due	<u>-</u>	<u>0.88</u>
From Holding Company	-	45.87
Add: Interest Accrued & Due	<u>-</u>	<u>1.48</u>
	<u>260.00</u>	<u>398.23</u>

Schedules to the Consolidated Accounts

Schedule - 5

FIXED ASSETS

(Rs. in Million)

Particulars	Cost as at 1.1.2009	Addition during the year	Sales/ Discards/ Transfer/ Adjusted	Cost as at 31.12.2009	Depreciation			Amortisation			Net Value as at 31.12.2009	Net Value as at 31.12.2008	
					As at 1.1.2009	On Sales/ Discards/ Transfer	For the Year	As at 31.12.2009	On Sales/ Discards/ Transfer	For the Year			As at 31.12.2009
INTANGIBLE ASSETS													
Computer Software	20.04	—	—	20.04	—	—	—	10.86	—	5.01	15.87	4.17	9.18
TANGIBLE ASSETS													
Land-Freehold	9.63	—	—	9.63	—	—	—	—	—	—	—	9.63	9.63
Land Leasehold	17.47	—	—	17.47	—	—	—	2.85	—	0.45	3.30	14.17	14.62
Buildings (**)	179.19	13.54	—	192.73	74.02	9.03	—	—	—	—	—	109.68	105.17
Plant & Machinery	965.03	48.36	2.87	1,010.52	379.19	68.67	2.20	—	—	—	—	564.86	585.84
Furniture & Equipment	30.47	3.01	0.02	33.46	17.12	2.13	0.02	—	—	—	—	14.23	13.35
Transport Vehicles	7.77	0.20	2.18	5.79	5.52	0.44	1.55	—	—	—	—	1.38	2.25
Computers	56.00	1.67	4.01	53.66	42.81	5.33	3.87	—	—	—	—	9.39	13.19
Total	1285.60	66.78	9.08	1343.30	518.66	85.60	7.64	13.71	—	5.46	19.17	727.51	753.23
Previous year	1029.46	285.10	28.96	1285.60	467.06	74.16	22.56	8.25	—	5.46	13.71	753.23	

(**) Includes tenements of cost Rs. 13,13,006/-, net value as at 31.12.2009: Rs. 7,09,495/- (as at 31.12.2008 -Rs.746,838/-) allotted on lease-cum-sale basis by the Karnataka 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 2009	As at 31st December 2008
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)	—	—
* Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10 each fully paid (Rs.200)	—	—
National Saving Certificates	—	0.01
	<u>—</u>	<u>0.01</u>

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

Schedule 7

INVENTORIES

Stores	18.67	6.12
Raw Materials	261.74	306.70
Finished Goods	228.60	270.76
Intermediates	109.40	91.30
Containers	9.17	11.21
	<u>627.58</u>	<u>686.09</u>

Schedules to the Consolidated Accounts

(Rs. in Million)

	As at 31st December 2009	As at 31st December 2008
Schedule 8		
SUNDRY DEBTORS		
Debts outstanding over six months		
Secured - Considered good	0.86	1.11
Unsecured-Considered good	70.35	62.41
Unsecured-Considered doubtful	10.01	16.42
	81.22	79.94
Less: Provision for Doubtful Debts	10.01	16.42
Other debts		
Secured-Considered good	21.41	16.72
Unsecured-Considered good	1,287.10	1,365.36
	1,308.51	1,382.08
	1,379.72	1,445.60

Schedule 9

CASH AND BANK BALANCES

Cash-in-Hand	0.67	0.65
Cheques-in-Hand	154.69	134.84
Bank Balances		
with Scheduled Banks on :		
Current Accounts	122.82	50.29
Fixed Deposit Accounts	55.68	42.60
with other Banks :		
Mizuho Corporate Bank Ltd.*	0.02	0.02
* Maximum amount at any time during the year Rs.434,520 (2008 - Rs.935,533)	333.88	228.40

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	139.77	153.53
Bill of Exchange	-	19.52
Deposits	22.60	18.13
Balances with Central Excise etc.	92.82	54.20
	255.19	245.38

* includes amount due from an Officer of the Company
Rs.677,024 (2008 - Rs.777,520), maximum amount outstanding
at any point of time during the year Rs.861,187 (2008 - Rs.891,631)

* includes amount due from directors of the Company
Rs.1,002,696 (2008 - Rs.1,326,418), maximum amount outstanding
at any point of time during the year Rs.1,476,418 (2008 - Rs.1,881,270)

Schedules to the Consolidated Accounts

	As at 31st December 2009	(Rs. in Million)	
		As at 31st December 2008	
Schedule 11			
LIABILITIES			
Acceptances	11.72	—	
Sundry Creditors			
- Total outstanding due to Micro & Small Enterprises	17.32	59.72	
- Total outstanding due to Creditors other than Micro & Small Enterprises	489.81	563.08	622.80
(Note No.12 in Sch.17)			
Interest Accrued but not due on Loans	0.88		0.22
Other Liabilities	205.27		236.89
	<u>725.00</u>		<u>859.91</u>
Schedule 12			
PROVISIONS			
Taxation [Net of advance tax payments Rs.492,129,261 (2008 - Rs.490,235,575)]	6.72		1.16
Proposed Dividend	36.72	32.13	
Corporate Dividend Tax including Surcharge	6.24	5.46	37.59
Employee Benefit Scheme	22.72		17.11
	<u>72.40</u>		<u>55.86</u>
Schedule 13			
DEFERRED TAXATION			
Deferred Tax Asset			
Employees' Benefits	0.42		—
Employees' Separation Cost	1.68		2.38
Rights Issue Expenses	1.16		1.74
Provision for Bad and Doubtful Debts	3.40		5.58
Deferred Tax Liabilities			
Fiscal Allowance on Assets	73.73		69.01
Oracle Implementation	1.12		2.23
Employees' Benefits	—		2.94
	<u>68.19</u>		<u>64.48</u>

CONSOLIDATED ACCOUNTS

Schedules to the Consolidated Accounts

	Year ended 31st December 2009	(Rs. in Million) Year ended 31st December 2008
Schedule 14		
OTHER INCOME		
1. Miscellaneous Income		
Sale of Containers	6.50	5.73
Miscellaneous Receipts (Note No.9 in Sch.17)	37.76	15.11
Bad Debts Recovered	2.30	1.06
Liability no longer required written back	1.73	—
	48.29	21.90
2. Interest on (Note No.10 in Sch.17)		
Loans & Advances	0.72	0.41
Deposit with Bank	2.07	1.38
Others	—	0.01
	2.79	1.80
3. Profit on Disposal of Fixed Assets	0.51	12.81
	51.59	36.51
Schedule 15		
MATERIALS CONSUMED		
Commencing Stock		
Raw Materials	306.70	224.06
Finished Goods	270.76	188.10
Intermediates	91.30	57.01
Containers	11.21	12.63
	679.97	481.80
Add: Purchases		
Raw Materials	3,147.25	3,479.32
Finished Goods	140.15	250.28
Containers	276.41	291.93
	3,563.81	4,021.53
Less: Closing Stock		
Raw Materials	261.74	306.70
Finished Goods	228.60	270.76
Intermediates	109.40	91.30
Containers	9.17	11.21
	608.91	679.97
	3,634.87	3,823.36
Differential Excise Duty on Intermediate & Finished Goods Stock	(12.39)	0.72
Inter-factory Freight	23.21	27.31
	3,645.69	3,851.39

Schedules to the Consolidated Accounts

	Year ended 31st December 2009	(Rs. in Million) Year ended 31st December 2008
Schedule 16		
EXPENSES		
Salaries, Wages & Bonus	278.88	260.88
Contribution to Provident Fund & other Funds (Net) (Note No.15 in Sch.17)	43.16	41.76
Workmen & Staff Welfare Expenses	37.69	37.58
Directors' Fees	0.43	0.30
Selling Agents' Commission	41.61	48.49
Discount & Rebates	2.64	5.40
Travelling Expenses	18.33	22.73
Rent (Note No.6 in Sch.17)	18.37	21.44
Rates & Taxes	13.00	10.56
Excise Duty	(0.36)	—
Power & Fuel	92.61	97.40
Insurance	20.75	17.22
Despatching Expenses	132.70	117.29
Miscellaneous Expenses (Note No.8 in Sch.17)	166.25	137.58
Royalty	61.16	57.87
Repairs & Maintenance		
Buildings	8.15	7.52
Plant & Machinery	26.35	26.48
Others	4.37	3.49
Auditors' Remuneration	3.12	3.07
	<u>969.21</u>	<u>917.06</u>

Schedules to the Consolidated Accounts

Schedule 17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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%	31/12/2009

2. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account Rs.37,777,107 (2008 - Rs.47,641,150).

3. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- i) Disputed Income Tax, Sales Tax, Excise Duties, Service Tax etc. Rs.153,040,695 (2008 - Rs.254,640,063) for which appeals before the relevant authorities are pending disposal;
- ii) Bank Guarantees outstanding: Rs.226,000 (2008 - Rs.1,469,944);
- iii) In respect of Bills Discounted Rs.3,300,000 (2008 - Rs.96,338,247).

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.

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. Derivative Instruments

- (i) 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, 2009			As at 31st December, 2008		
	Sell	Buy	Net	Sell	Buy	Net
EURO	77,420	80,322	(2,902)	205,709	134,226	71,483
GBP	78	213,071	(212,993)	26,410	394,990	(368,580)
JPY	925,000	15,227,258	(14,302,258)	—	52,058,886	(52,058,886)
CHF	—	230	(230)	—	—	—
USD	1,007,682	1,379,566	(371,884)	1,554,584	425,709	1,128,875

- (ii) 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, 2009			As at 31st December, 2008		
	Sell	Buy	Net	Sell	Buy	Net
JPY	—	—	—	—	(10,000,000)	(10,000,000)
USD	—	—	—	—	(573,080)	(573,080)

6. 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 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-cancelable 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, 2009 and amount paid during the year are given below:

	Minimum Lease Payments due	
	2009 (Rs.)	2008 (Rs.)
Not later than one year	6,124,118	5,893,888
Later than one year and not later than five years	6,975,966	6,116,353
	Amount paid during the year	
Lease Payment recognised in the Profit & Loss Account	9,440,967	8,175,687

CONSOLIDATED ACCOUNTS

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

7. Unclaimed Fixed Deposits	2009 (Rs.)	2008 (Rs.)
Sundry Creditors include:		
(i) Unclaimed Fixed Deposits	343,000	452,000
(ii) Unclaimed Interest on Fixed Deposits	49,838	104,310

8. Expenses

Miscellaneous expenses include:

(i) Bad Debts written off	25,008,666	1,906,673
(ii) Provision for Bad & Doubtful Debt	10,006,101	9,268,955
(iii) Fixed Assets written off	49,739	27,174
(iv) Exchange Loss	—	5,076,088

9. Other Income

Miscellaneous Receipts include:

(i) Commission received (Gross)	2,383,330	2,757,514
(ii) Discounts	2,259,902	2,123,809
(iii) Exchange gain	9,120,302	—
(iv) Liability/Provision no longer required written back	15,318,410	2,500,000

10. Interest Income

Interest is stated at gross

Income Tax deducted at source was as follows:

Interest on Loans, Advances and Bank Deposits.	490,798	683,646
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11. 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, 2009 to 31st March, 2009 forming part of the assessment year 2009-2010. Ultimate liability for taxation for the assessment year 2010-2011 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, 2010 as one composite income.

- (ii) Provision for taxation for the year is as follows:

	2009 (Rs.)	2008 (Rs.)
Provision for Current Year	115,894,430	88,500,000
Add: Provision for taxation short provided in earlier years	1,157,434	—
	117,051,864	88,500,000
Less: Provision for taxation of earlier years no longer required written back	2,551,864	—
Net Provision for Taxation	114,500,000	88,500,000

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

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

	2009 (Rs.)	2008 (Rs.)
(i) Principal Amount remaining unpaid at the end of the year	14,541,104	52,983,964
Interest due thereon remaining unpaid as at the end of the year	4,517,553	6,738,059
(ii) Delayed payment of principal amount paid beyond the appointed day during the year	286,045,766	267,012,031
Interest actually paid under Section 16 of the Act, during the year	4,712,613	—
(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	2,492,107	6,598,392
Interest remaining unpaid, out of above, as at the end of the year	1,245,824	6,598,392
(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	4,517,553	6,738,059

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.)

13. 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
- (3) **Fellow Subsidiaries** (as certified by the Management)

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

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

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

CONSOLIDATED ACCOUNTS

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

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

(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	62,935,063 (142,795,640)	22,133,564 (13,197,812)	168,052,319 (261,380,062)	— (—)	253,120,946 (417,373,514)
Sale of Goods/Fixed Assets	15,245 (—)	— (—)	54,338,644 (106,533,171)	— (—)	54,353,889 (106,533,171)
Rendering of Services	1,806,968 (1,175,634)	— (—)	2,555,529 (—)	— (—)	4,362,497 (1,175,634)
Royalty paid/payable	815,180 (278,227)	60,340,796 (58,740,384)	— (—)	— (—)	61,155,976 (59,018,611)
Dividend paid/payable	— (—)	23,051,270 (23,051,270)	— (—)	1,165 (1,165)	23,052,435 (23,052,435)
Remuneration paid/payable	— (—)	— (—)	— (—)	20,722,581 (19,167,241)	20,722,581 (19,167,241)
Expenses incurred by the Company on behalf of the Group/Subsidiary	— (—)	— (511,330)	37,641 (1,328,249)	— (—)	37,641 (1,839,579)
Expenses incurred by the Group/Subsidiary on behalf of the Company	— (9,488)	— (—)	— (—)	— (—)	— (9,488)
Interest Charges	— (—)	2,697,958 (2,881,590)	— (—)	— (—)	2,697,958 (2,881,590)
Outstanding on Account of:					
Purchase of goods	8,373,980 (34,634,544)	— (7,905,472)	48,290,553 (35,954,956)	— (—)	56,664,533 (78,494,972)
Sale of goods	— (—)	— (—)	12,460,424 (30,257,961)	— (—)	12,460,424 (30,257,961)
Royalty	734,908 (270,404)	28,914,856 (81,460,383)	— (—)	— (—)	29,649,764 (81,730,787)
Rendering of Services	— (—)	— (—)	2,555,529 (—)	— (—)	2,555,529 (—)
Recovery of Expenses	1,382,913 (—)	— (—)	— (—)	— (—)	1,382,913 (—)
Loan accepted	— (—)	— (47,345,210)	— (—)	— (—)	— (47,345,210)
Loans/Advances granted	— (—)	— (—)	— (622,331)	1,002,696 (—)	1,002,696 (622,331)
Payable (Net of Advance)	— (—)	— (—)	— (—)	3,889,197 (1,787,412)	3,889,197 (1,787,412)

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

14. Segmental Reporting

(Figures in Rupees)

	Printing Ink		Industrial Coatings		Lamination Adhesive		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
REVENUE								
External Sales	4,362,265,435	4,510,918,254	457,562,401	433,841,541	244,813,342	208,367,438	5,064,641,178	5,153,127,233
Less: Inter Segment Sales	439,314	1,475,561	6,131,555	571,250	14,559,537		21,130,406	2,046,811
Total Revenue	4,361,826,121	4,509,442,693	451,430,846	433,270,291	230,253,805	208,367,438	5,043,510,772	5,151,080,422
RESULTS								
Segment/Operating Results	345,499,636	286,288,495	72,136,341	43,287,723	42,743,533	28,667,958	460,379,510	358,244,176
Unallocable Expenses (Net of Income)	—	—	—	—	—	—	(71,228,200)	(18,722,027)
Interest Expenses	—	—	—	—	—	—	(48,660,739)	(62,348,461)
Provision for Tax (including Deferred Tax)	—	—	—	—	—	—	(119,768,970)	(95,683,981)
Net Profit	345,499,636	286,288,495	72,136,341	43,287,723	42,743,533	28,667,958	220,721,601	181,489,707
OTHER INFORMATION								
Segment Assets	2,765,802,870	2,969,165,327	253,864,858	256,681,281	135,239,135	129,212,089	3,154,906,863	3,355,058,697
Un-allocable Assets	—	—	—	—	—	—	255,891,045	61,100,903
Total Assets	2,765,802,870	2,969,165,327	253,864,858	256,681,281	135,239,135	129,212,089	3,410,797,908	3,416,159,600
Segment Liabilities	565,729,862	846,238,754	43,397,335	39,281,791	7,879,218	9,066,755	617,006,415	894,587,300
Un-allocable Liabilities & Provisions	—	—	—	—	—	—	2,793,791,493	2,521,572,300
Total Liabilities	565,729,862	846,238,754	43,397,335	39,281,791	7,879,218	9,066,755	3,410,797,908	3,416,159,600
Depreciation	82,319,228	71,947,217	2,152,108	2,153,359	6,030,547	4,801,163	90,501,883	78,901,739
Un-allocable Depreciation	—	—	—	—	—	—	555,981	715,884
Total Depreciation	82,319,228	71,947,217	2,152,108	2,153,359	6,030,547	4,801,163	91,057,864	79,617,623
Capital Expenditure including CWIP	94,967,934	—	596,415	—	—	—	95,564,349	160,534,248
Non-Cash Expenditure other than depreciation	31,277,905	—	3,296,632	—	1,016,278	—	35,590,815	—

15. Retirement Benefit

The Group operates defined contribution schemes like provident fund and superannuation schemes. Contributions to Provident Funds are made by the Group, based on current salaries, to recognized funds maintained by the Group. In case of Provident Fund Schemes, contributions are also made by the employees. Contribution to Superannuation Schemes are 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. 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 Pension Benefits offer specified benefits to certain categories of employees on retirement. Annual actuarial valuations are carried out by

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

an independent actuary in compliance with Accounting Standard 15 (revised 2005) on Employees Benefits

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.

Amounts recognised in the Balance Sheet are as follows:

(Rs. in lakhs)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present value of Defined Benefit obligation	2009	864.89	535.95	61.87
	2008	972.25	485.78	43.52
	2007	872.37	460.55	41.10
Fair value of plan assets	2009	1,113.60	492.21	—
	2008	1,230.52	485.62	—
	2007	1,231.03	462.32	—
Unrecognized past service cost	2009	—	—	—
	2008	—	—	—
	2007	—	—	5.03
Net Asset/Liability	2009	248.71	(43.74)	(61.87)
	2008	258.27	(0.16)	(43.52)
	2007	358.66	1.77	(36.07)

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

(Rs. in lakhs)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Current service cost	2009	—	35.52	1.41
	2008	—	32.77	2.41
	2007	97.34	25.50	1.00
Interest on obligation	2009	62.56	32.51	2.94
	2008	65.90	34.48	3.18
	2007	83.81	35.44	1.54
Expected return on plan assets	2009	(81.16)	(33.93)	—
	2008	(95.75)	(37.46)	—
	2007	(94.60)	(37.29)	—
Net Actuarial loss/(gain) recognized during the year	2009	28.16	49.48	(1.37)
	2008	192.56	42.20	2.33
	2007	(240.74)	19.30	(0.05)
Curtailment cost	2009	—	—	—
	2008	(42.32)	—	—
	2007	—	—	—
Past service cost	2009	—	—	20.62
	2008	—	—	5.03
	2007	1.13	(7.24)	16.40
Total	2009	9.56	83.58	23.60
	2008	120.39	71.99	12.95
	2007	(153.06)	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)	Gratuity Benefit (Funded)	Retirement Benefit (Unfunded)
Opening defined benefit obligation	2009	972.25	485.78	43.52
	2008	872.37	460.55	41.10
	2007	1,119.31	473.32	21.43
Current service cost	2009	—	35.52	1.41
	2008	—	32.77	2.41
	2007	97.34	25.50	1.00
Interest cost	2009	62.56	32.51	2.94
	2008	65.90	34.48	3.18
	2007	83.81	35.44	1.54
Actuarial loss/(gain)	2009	36.92	50.61	(1.37)
	2008	194.07	27.78	2.33
	2007	(234.84)	15.86	(0.05)
Curtailment cost	2009	—	—	—
	2008	(42.32)	—	—
	2007	0.41	(0.01)	—
Plan amendments	2009	—	—	20.62
	2008	—	—	—
	2007	0.72	(7.23)	21.43
Benefit paid	2009	(206.84)	(68.47)	(5.25)
	2008	(117.77)	(69.80)	(5.50)
	2007	(194.38)	(82.33)	(4.25)
Closing Defined Benefit Obligation	2009	864.89	535.95	61.87
	2008	972.25	485.78	43.52
	2007	872.37	460.55	41.10

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

(Rs. in lakhs)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Opening fair value of plan assets	2009	1,230.52	485.62	—
	2008	1,231.03	462.38	—
	2007	1,234.34	470.03	—
Expected return on plan assets	2009	81.16	33.93	—
	2008	95.75	37.46	—
	2007	94.60	37.29	—
Actuarial gain/(loss)	2009	8.76	1.13	—
	2008	1.51	(14.42)	—
	2007	5.90	(3.44)	—
Contribution by employer	2009	—	40.00	5.25
	2008	20.00	70.00	5.50
	2007	90.57	40.74	4.25
Benefit paid	2009	(206.84)	(68.47)	(5.25)
	2008	(117.77)	(69.80)	(5.50)
	2007	(194.38)	(82.33)	(4.25)
Closing Fair Value of Plan Assets	2009	1,113.60	492.21	—
	2008	1,230.52	485.62	—
	2007	1,231.03	462.29	—

Schedules to the Consolidated Accounts

Schedule 17 (contd.)

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	2009	31%	25%
	2008	53%	49%
	2007	58%	53%
PSU Bonds/State Securities	2009	33%	22%
	2008	22%	18%
	2007	24%	22%
Insurance managed funds	2009	36%	53%
	2008	25%	33%
	2007	18%	25%
Total	2009	100%	100%
	2008	100%	100%
	2007	100%	100%

Principal Actuarial assumptions used :

	2009	2008	2007
Discount Rates	8.30%	7.20%	8.10 % (Pension, Leave, Gratuity) 8.30% for Retirement Benefit)
Expected Rate of return on Plan Assets	7.20%	8.10%	
Expected salary increase rates	8 and Nil for pension.	5% and Nil for pension.	
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.8,358,000 (2008 - Rs.7,376,000) and contribution to Defined Benefit Pension Plan Rs.3,450,000 (2008 - Rs.13,578,473)

Contribution to Provident and other funds in Schedule 16 includes contribution to defined contribution plans like Provident and Superannuation fund amounting to Rs.31,469,245 (2008 - Rs.20,804,650)

16. Consumption of Stores and Spares

Particulars	2009 (Rs.)	2008 (Rs.)
Total consumption of stores & spare parts includes for:		
(i) Repairs to Plant & Machinery	10,085,248	12,990,387
(ii) Miscellaneous Expenses	21,749,242	17,444,305
(iii) Power & Fuel	35,855,029	40,736,222
	67,689,519	71,170,914

17. Interest on Fixed Period Loans

Particulars	2009 (Rs.)	2008 (Rs.)
Interest includes interest on fixed period loans	23,593,687	35,345,890

18. Earning per Share

Particulars	2009	2008
Profit/(Loss) after Tax (A) (Rs)	220,712,601	181,489,707
Number of Shares (B)	9,178,977	9,116,143
Earnings Per Share - Basic and Diluted (A/B) (Rs)	24.04	19.91

19. 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 in all material aspects with 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

- 1 Fixed assets are stated at their original cost (including cost incidental to acquisition) less depreciation.
- 1 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 01.11.1977 to 31.10.1987 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 01.11.1987, on Straight Line Method at rates specified in Schedule XIV to the Act as existing at the time of capitalisation.
 - (iii) On Silos included in plant and machinery added from 01.01.2006, on Straight Line Method @ 20%.
 - (iv) On Research equipment added from 01.01.2003, on Straight Line Method @ 25%.
 - (v) On Airconditioners, on Written Down Value Method @ 13.91%.
 - (vi) On Computers added from 01.11.1987, 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.

Schedules to the Accounts

Schedule 18 (contd.)

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 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 materials include 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 investments are included in the Profit & Loss Account and calculated as the difference between the net proceeds realised and the book value. Dividend accounted for in the year in which it is received.

RETIREMENT/TERMINAL BENEFITS

- (i) 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.
- (ii) The following are the Defined Benefit Obligation and are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.
 - a) Liability for Gratuity

CONSOLIDATED ACCOUNTS

Schedules to the Accounts

Schedule 18 (contd.)

- b) expected annual cost of providing pension to management staff as per respective conditions of their employment .
 - c) liability accrued during the year in respect of retirement/terminal benefit payable to certain employees governed by agreement with the Union bodies/representing them .
 - d) 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.
- (iii) Actuarial gains or losses are charged to Profit & Loss Account.
- (iv) 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 .
- (v) Terminal benefits are recognized as expenses 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:

- (i) 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.
- (ii) 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 capitalised 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 incomes 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, 2010

Consolidated Cash Flow Statement— DIC India Ltd and Subsidiary

(Rs. in Million)

	Year Ended 31st December 2009	Year Ended 31st December 2008
A. Cash Flow from Operating Activities		
Net profit before Interest, Tax and Extraordinary Items	389.61	339.52
Adjustments for :		
Add : Depreciation & Amortisation	91.06	79.62
Fixed Asset written off	0.14	0.03
Inventory written off	0.49	—
Bad Debt written off	25.01	1.90
Provision for Bad & Doubtful Debts	10.01	9.27
Employees Benefit Scheme	6.81	2.55
Unrealised Loss on Foreign Currency	—	2.16
Provision for Wealth Tax	0.33	0.11
Less : Profit on sale of Assets	(0.51)	(12.81)
Interest Income	(3.25)	(1.80)
Unrealised gain on Foreign Currency	(0.77)	—
Liability no longer required written back	(0.56)	—
Provision for Doubtful Debts written back	(16.42)	(0.10)
Operating Profit before Working Capital Changes	501.95	420.45
(Increase)/Decrease in Trade and Other Receivables	27.60	(200.18)
(Increase)/Decrease in inventories	58.03	(197.90)
Increase/(Decrease) in Trade Payables and other Liabilities	(127.82)	8.60
Cash generated from Operations	459.76	30.97
Less : Payment of Direct Taxes	(111.89)	(97.81)
Payment of Wealth Tax	(0.22)	—
Excess provision for taxation of earlier years written back	1.39	—
Net Cash from Operating Activities	349.04	(66.84)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(95.89)	(160.53)
Sale of Fixed Assets	1.82	18.95
Interest Received	2.75	2.65
Sale of Investments	0.01	0.01
Net Cash Flow from Investing Activities	(91.31)	(138.92)

Cash Flow Statement (Contd.)

(Rs. in Million)

	Year Ended 31st December 2009	Year Ended 31st December 2008
C. Cash Flow from Financing Activities		
Net Increase/(Decrease) in Bank Borrowings	78.02	27.84
Issue of Commercial Paper Loan	400.00	250.00
Repayment of Commercial Paper Loan	(500.00)	(250.00)
Acceptance of Short Term Loan from Banks	2,357.00	100.00
Repayment of Short Term Loan from Banks	(2,357.00)	—
Acceptance of Short Term Loan from Others	4,260.00	3,850.00
Repayment of Short Term Loan from Others	(4,250.00)	(3,700.00)
Repayment of External Commercial Borrowings	(45.87)	
Dividends Paid including Dividend Tax	(46.18)	(37.59)
Interest and Discount on issue of Commercial Paper	(48.22)	(63.57)
Share Application Money Received/(Excess Refunded)	—	(0.08)
	(152.25)	176.60
Net Cash flow from Financing Activities	(152.25)	176.60
Net increase in cash and Cash Equivalents	105.48	(29.16)
Cash and Cash Equivalents (Opening balance)	228.40	257.56
Cash and Cash Equivalents (Closing balance)	333.88	228.40

Notes to Consolidated Cash Flow Statement:

1. Cash and Cash Equivalents represent:

(a) Cash-in-Hand	0.67	0.65
(b) Cheques-in-Hand	154.69	134.84
(c) Balance with Banks	178.52	92.91
	333.88	228.40

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.

On behalf of the Board

PRABAL KR SARKAR

Partner

Membership No.52340

For and on behalf of

LOVELOCK & LEWES

Chartered Accountants

Kolkata, 10th February, 2010

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, 2010

Information Regarding Subsidiary Company

(Figures in Rupees)

Name of the Subsidiary Company	Issued and Subscribed Share Capital	Reserves	Total Assets	Total Liabilities	Investments		Total	Income	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
					Long Term	Current						
DIC Coatings India Limited	107,531,470	135,010,472	298,936,458	298,936,458	—	—	—	478,234,869	71,504,765	23,184,365	48,320,400	—

Note: The above data for the subsidiary is as on 31st December, 2009

NOTES

NOTES



DIC INDIA LIMITED

Notice

NOTICE is hereby given that the Sixty Second 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 Wednesday, 2nd June, 2010 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, 2009, 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 Dipak Banerjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Paul Koek, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr Biswajit Choudhuri, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr Bhaskar Nath Ghosh, who had been appointed as an Additional Director of the Company with effect from 25th July, 2009 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 62nd 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 Bhaskar Nath Ghosh 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 24th May, 2010 to 2nd June, 2010, both days inclusive.

Registered Office:
Transport Depot Road
Kolkata 700 088
Dated: 10th February, 2010

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 forty eight hours before the commencement of the Annual General Meeting i.e. by 11.00 a.m. on 31st May, 2010.**
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 24th May, 2010 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, 2002 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, 2002 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, 4 and 5****Mr Dipak Banerjee**

Born on 19th February, 1946, Mr D Banerjee, a Chartered Accountant, underwent training with Lovelock & Lewes (now a part of Price Waterhouse Coopers). He started his career with Life Insurance Corporation in 1970 and thereafter, in 1975, joined Hindustan Lever. His tenure with Lever included a two year secondment to Lever Brother, Nigeria. In 1992, Mr Banerjee became the Commercial Director of Unilever Plantations Group. Between 1993 and 1997 he was designated as Commercial Officer - Africa and Middle East Group of Unilever, London and retired in July, 2000 as Chairman, Unilever Uganda Ltd. Mr Banerjee holds Board positions in several reputed Companies.

Mr Banerjee joined the Board of your Company on 8th March, 2001. He is also a member of the Audit Committee and the Remuneration Committee of the Company. He is not related to any of the Directors and does not hold any shares in the Company.

Mr Paul Koek

Born on 14th June, 1960, Mr P Koek holds a CPA qualification and is registered with the Institute of Certified Public Accountants of Singapore. He is a Fellow Member (FCCA) with the Chartered Association of Certified Accountants and a Senior Member with the Association of Accounting Technicians. Mr Koek brings with him a wealth of more than 23 years of work experience in the field of regional tax, group accounting and treasury management. Mr Koek is presently the Group Finance Director - DIC Asia Pacific Pte Ltd, subsidiary of DIC Corporation, Japan.

Mr Koek was inducted on the Board with effect from 29th June, 2004 as a nominee of the holding company, M/s DIC Asia Pacific Pte Limited, Singapore. He is a committee member of the Audit Committee, Shareholders'/ Investors' Grievance Committee and the Remuneration Committee. He is not related to any of the Directors and does not hold any shares in the Company.

Mr Biswajit Choudhuri

Born on 30th April, 1942, Mr Biswajit Choudhuri graduated in Mechanical Engineering and holds a B.Tech (Hons) from the Indian Institute of Technology (IIT), Kharagpur in 1963. Besides he is also a Fellow of the Institute of the Cost & Works Accountants of India and an Honorary Fellow of the Indian Institute of Banking & Finance. Mr Choudhuri started his professional life in the BOC India Limited where he was for a decade from 1963 to 1972. Thereafter he joined United Bank of India where he continued from 1972 till 1992 and rose to the rank of General Manager. From 1992 to 1996, he was in UCO Bank. Thereafter he was appointed as the Chairman & Managing Director of United Bank of India which position he held from 1996 till his retirement in 2001. Mr Choudhuri holds Board positions in several reputed Companies.

Mr Choudhuri was inducted on the Board with effect from 29th October, 2007 and is also a member of the Audit Committee. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorships and Committee Memberships held as on 10th February, 2010 by Mr D Banerjee, Mr P Koek and Mr B Choudhuri:

Director	Name of Company	Board Position held	Committees of Board	Committee Position held
D Banerjee	T M International Logistics Ltd	Director	Audit Committee	Chairman
	Tata Sponge Iron Ltd	Director	Audit Committee	Member
	Tata Metalliks Ltd	Director	Shareholders Grievance Committee	Member
	Tata Metalliks Kubota Pipes Ltd	Director	Nil	Nil
	M Junction Services Ltd	Director	Audit Committee	Member
	The Tinsplate Co of India Ltd	Director	Audit Committee	Chairman
	Shristi Infrastructure Development Corpn Ltd	Chairman	Remuneration Committee	Chairman
	HBP Business Advisory Services Pvt Ltd	Director	Audit Committee	Member
	International Shipping & Logistics FZE, Dubai	Director	Audit Committee	Chairman
	Tayo Rolls Ltd	Director	Shareholders Grievance Committee	Member
	NET Engineering private Ltd	Chairman	Nil	Nil
			Nil	Nil
			Nil	Nil
P Koek	DIC Asia Pacific Pte Ltd	Director	Nil	Nil
	DIC (Malaysia) Sdn Bhd	Director	Nil	Nil
	Coates Brothers (Singapore) Pte Ltd	Director	Nil	Nil
	Coates Brothers (Malaysia) Sdn Bhd	Director	Nil	Nil
	Coates Thailand Ltd	Director	Nil	Nil
	P T DIC Graphics	President	Nil	Nil
		Commissioner	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	Director	Nil	Nil
	DIC (Vietnam) Co Ltd	Director	Nil	Nil
	DIC Fine Chemicals Pvt Ltd	Director	Nil	Nil
	TFE Co Ltd., Thailand	Director	Nil	Nil

Director	Name of Company	Board Position held	Committees of Board	Committee Position held	
B Choudhuri	Aditya Birla Chemicals (I) Ltd	Director	Audit Committee	Chairman	
			Shareholders		
			Grievance	Member	
			Committee		
			Remuneration	Member	
			Committee		
		Hindustan Engineering & Industries Ltd	Director	Nil	Nil
		RV Investment & Dealers Ltd	Director	Nil	Nil
		Bengal Sunny Rock Estates Housing Development Co Ltd	Director	Remuneration	Member
				Committee	Member
	Ludlow Jute & Specialities Ltd	Director	Audit Committee	Member	
			Remuneration		
			Committee	Member	
	Godawari Power & Ispat Ltd	Director	Audit Committee	Chairman	
	Ativir Financial Consultants (P) Ltd	Director	Nil	Nil	
	R R Ispat Ltd	Director	Nil	Nil	
	Space Matrix Ltd	Director	Nil	Nil	
	Maithan Alloys Ltd	Director	Nil	Nil	
	Khaitan Electricals Ltd	Director	Nil	Nil	

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

Item No.7

Mr Bhaskar Nath Ghosh

Mr Bhaskar Nath Ghosh, aged 64 years was born on 31st January, 1946 is a Chartered Accountant, and underwent training with Lovelock & Lewes (now a part of Price Waterhouse Coopers). He started out in January, 1972 with the Tea Department of Duncan Brothers in Accounts Department and subsequently shifted to the newly incorporated Goodricke Group Limited in 1978. He retired in December, 2008 as Managing Director (Finance & Corporate Affairs) and CFO from Goodricke Group Limited after a service of 37 years during which he held several senior positions. He also held membership in various Committees like Indian Tea Association, Tea Research Association etc. Mr Ghosh brings with him vast expertise in the field of finance eg. investment planning, corporate projections, risk management, long term financial planning and corporate decision making. He does not hold any Directorship in any other Company.

Mr Ghosh was inducted on the Board with effect from 25th July, 2009 and is also a member of the Audit Committee. He is not related to any of the Directors and does not hold any shares in the Company.

No other Director other than Mr Bhaskar Nath Ghosh is interested or concerned in the Resolution.

The Board of Directors accordingly recommends the Resolutions mentioned under Item No.7 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, 2010

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

62nd Annual General Meeting, 2nd June, 2010, 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 62nd 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

DIC INDIA LIMITED

Registered Office : Transport Depot Road, Kolkata 700 088

PROXY FORM

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 62nd Annual General Meeting of the Company to be held on the 2nd day of June, 2010 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2010.



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.

DIC INDIA LIMITED

Registered and Head Office

Transport Depot Road, Kolkata 700 088, West Bengal
Telephone : (033) 2449 6591-96, 2449 3984-85, Fax : (033) 2449 5267

OFFICES AND FACTORIES

KOLKATA

Transport Depot Road
Kolkata - 700 088, West Bengal
Telephone : (033) 2449 6591-96/2449 3984-85
Fax : (033) 2449 5267/2311/9039
E-mail : col@dic.co.in

MUMBAI

Chandiyali Farm
Off Saki Vihar Road
Mumbai - 400 072, Maharashtra
Telephone : (022) 28474655-60
Fax : (022) 28472149/4678/6251

NOIDA

C-55, A & B, Phase II
Dist. Gautam Buddha Nagar
Noida - 201 305, Uttar Pradesh
Telephone : (0120) 4655100/102/110
Fax : (0120) 4655150
E-mail : noida@dic.co.in

AHMEDABAD

Plot No. 633 & 634
Phase IV, GIDC, Vatva, Mehmedabad Highway
Ahmedabad - 382 445, Gujarat
Telephone : (079) 25832202/4025
25890861/0865/1162
Fax : (079) 2583 5706
E-mail : ahd@dic.co.in

DELHI

7, DLF Industrial Area
Shivaji Marg, Moti Nagar
New Delhi - 110 015
Telephone : (011) 4314 4200/4210/4222
Fax : (011) 4314 4242
E-mail : delhi@dic.co.in

BANGALORE

66A, Bommasandra Industrial Area
Hosur Road, Anekal Taluk
Bangalore - 560 099, Karnataka
Telephone : (080) 27804114/15
Fax : (080) 27831874

CHENNAI

60 (Old No.92), Sheik Maistry Street
Royapuram, Chennai - 600 013, Tamil Nadu
Telephone : (044) 2595 2601/03/5475
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) 23113446/3467
Fax : (080) 2311 3478
Email : ifdeunha@dic.co.in

HYDERABAD

Plot No. B-7, IDA, Uppal
Hyderabad - 500 059
Andhra Pradesh
Telephone : (040) 27206821/6281
E-mail : subas.mitra@dic.co.in

MADURAI

C-151, Kamarajar Road, Thirunagar
Madurai - 625 006
Tamil Nadu
Telephone : (0452) 4367293
E-mail : n.vaidyanathan@hotmail.com

VADODARA

C/o, Multiplex Agencies
248, Ghantiada, Off Gendigate Road
Vadodara - 390 001, Gujarat
Telephone : (0265) 2424421-2/2452374
Fax : (0265) 2423455
E-Mail : ajantund@dataone.in

KANPUR

301, Urvashi Apartment, 3rd Floor
7/29, Tilak Nagar
Kanpur - 208 002, Uttar Pradesh
Telephone : (0512) 2557001
E-mail : dicknp@dic.co.in