



# DIC India Limited

Color and Comfort by Chemistry



ANNUAL REPORT 2012

# BOARD OF DIRECTORS



**Dr P K Dutt**  
*Chairman*



**S Bhaumik**  
*Managing Director*



**D Banerjee**



**K Kudo**



**S Bose**



**B N Ghosh**



**U Sengupta**



**P Koek**



**DIC INDIA LIMITED**

## Notice

NOTICE is hereby given that the Sixty Fifth 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 Friday, 12th April 2013 at 11.00 a.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To receive and consider the Statement of Profit & Loss for the financial year ended 31st December 2012, 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 Subir Bose, who retires by rotation and, being eligible, seeks re-appointment.
4. To appoint a Director in place of Mr Bhaskar Nath Ghosh, who retires by rotation and, being eligible, seeks re-appointment.
5. To appoint a Director in place of Mr Kazuo Kudo, who retires by rotation and, being eligible, seeks re-appointment.
6. To appoint Statutory 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 a Ordinary Resolution:

RESOLVED THAT consent be and is hereby accorded to the payment of remuneration by way of commission not exceeding 1 (one) per cent of the net profit of the Company, determined in the manner laid down in the Companies Act, 1956, to Resident Indian Directors, other than the Wholetime Executive Directors of the Company, for a period of five years commencing from the financial year starting on 1st January 2014, such commission being divided amongst the Directors entitled thereto, in such proportion and manner as the Board may from time to time determine, and in the absence of such determination, equally.

The Register of Members of the Company will remain closed from 4th April 2013 to 12th April 2013, both days inclusive.

By order of the Board

Registered Office:  
Transport Depot Road  
Kolkata - 700 088  
Dated : 4th February 2013

**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 at the Registered Office of the Company, not less than forty eight hours before the commencement of the Annual General Meeting.**
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 3rd April 2013 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, 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 quoting their folio number.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the year ended 31st December 2005 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 2005 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. Members are advised that in terms of the provisions of the Act, 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.
9. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.
10. Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India. The form for such registration can be obtained by mailing such request to our Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited at [rta@cbmsl.com](mailto:rta@cbmsl.com) or to us on [investors@dic.co.in](mailto:investors@dic.co.in).

**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 Subir Bose**

Mr. Subir Bose, born on 10th December 1949, holds a B. Tech in Chemical Engineering from IIT (Kanpur) and PGDBA from IIM, Ahmedabad. Mr. Bose has over 35 years of experience in the paints industry and had held the position of Managing Director of Berger Paints India Limited till June 2012, besides holding Directorship of several of its group companies. He continues to hold Directorship in Berger Paints India Limited as a Non-executive Director.

Mr. Subir Bose was inducted on the Board with effect from 27th July 2007 as an Independent Director. He is also a member of the Audit Committee of the Company. He is not related to any of the Directors and does not hold any shares in the Company.

**Mr Bhaskar Nath Ghosh**

Mr Bhaskar Nath Ghosh, 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 had held several senior positions. He also held membership in various Committees like Indian Tea Association, Tea Research Association etc. Mr B N 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 B N Ghosh was inducted on the Board with effect from 25th July 2009 as an Independent Director 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.

**Mr Kazuo Kudo**

Mr Kazuo Kudo, born on 3rd January 1954, graduated with Bachelor of Economics from Hitotsubashi University in Tokyo, Japan in March 1978. After graduation, he joined DIC Corporation, Japan where he was in the legal department till 1988 when he was sponsored by DIC Corporation for a full time MBA with University of Washington, Seattle, USA in 1988-90. Prior to joining DIC Asia Pacific Pte Limited, Singapore, a subsidiary of DIC Corporation, Japan as its Regional Managing Director, Mr Kudo was the Executive Officer in DIC Corporation wherein he was responsible for corporate strategic planning, public & investor relation and corporate marketing. He had also held the directorship of Sun Chemicals Corporation from February 2006 to March 2008 wherein he had been responsible for governance of the top management. Mr Kudo has over 32 years of experience in the DIC Group and has vast experience in the field of legal, group company restructuring, corporate strategic planning, budgeting, investor relation and corporate marketing.

Mr Kudo was inducted on the Board with effect from 2nd June 2010 and is also a member of the Remuneration 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 31st December 2012 by Mr Subir Bose, Mr Bhaskar Nath Ghosh and Mr Kazuo Kudo are as given below:

<b>Director</b>	<b>Name of Company</b>	<b>Board Position Held</b>	<b>Committees of Board</b>	<b>Committee Position Held</b>
S Bose	Berger Paints India Ltd	Director	Investor Grievance Committee	Member
			Share Transfer Committee	Chairman
			Selection Committee	Member
	Beepee Coatings (P) Ltd	Chairman	Nil	Nil
	Berger Paints (Bangladesh) Ltd	Director	Nil	Nil
	Berger Jenson & Nicholson (Nepal) (P) Ltd	Director	Nil	Nil
	Berger Paints (Cyprus) Ltd	Director	Nil	Nil
	Lusako Trading Ltd., Cyprus	Alternate Director	Nil	Nil
Bolix SA, Poland	Director	Nil	Nil	
B N Ghosh	NIL	NA	NA	NA
K Kudo	DIC Asia Pacific Pte Ltd	Managing Director	Nil	Nil
	DIC (Malaysia) Sdn Bhd	Director	Nil	Nil
	DIC Graphics (Thailand) Co. Ltd	Director	Nil	Nil
	DIC International (Thailand) Co. Ltd	Director	Nil	Nil
	DIC Australia Pty Ltd	Director	Nil	Nil
	DIC New Zealand Ltd	Director	Nil	Nil
	DIC Pakistan Ltd	Director	Nil	Nil
	DIC Fine Chemicals Pvt Ltd	Director	Nil	Nil
	PT Pardic Jaya Chemicals	Director	Nil	Nil
	Siam Chemical Industry Co. Ltd.	Director	Nil	Nil
	DIC Color (Thailand) Co. Ltd	Director	Nil	Nil
	PT DIC Astra Chemicals	Director	Nil	Nil
Coates Thailand Ltd.	Director	Nil	Nil	

No other Director other than Mr S Bose, Mr B N Ghosh and Mr K Kudo are interested or concerned in the Resolutions.

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

**Item No.7**

**Commission to Resident Non-executive Directors**

The Resident Indian Non-executive Directors of the Company are paid remuneration by way of commission not exceeding 1% of the net profits, computed in the manner laid down by the Companies Act, 1956 as approved by the members and the Central Government.

The members, at the Annual General Meeting held on 12th June 2008, had accorded their approval to such payment of commission by the Company, being for a period of 5 years commencing from 1st January 2009 which was duly accorded by the members in their meeting held on 12th June 2008. The above approval is due to expire on 31st December 2013 and accordingly approval of the members is sought for payment of commission for a further period of 5 years commencing from 1st January 2014. It may be noted that Article 106(3) of the Articles of Association of the Company permits payment of such commission by the Company.

Dr P K Dutt, Mr D Banerjee, Mr S Bose, Mr B N Ghosh and Mr U Sengupta may be deemed to be interested or concerned in the proposed resolution to the extent of the remuneration that may become payable to them. No other Director is interested or concerned in this Ordinary Resolution.

The Board of Directors accordingly recommend the Resolutions mentioned under Item Nos.3, 4, 5 and 7 of the Notice for the approval of the Members.

By order of the Board

Registered Office:  
Transport Depot Road  
Kolkata - 700 088  
Dated : 4th February 2013

**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**  
**65th Annual General Meeting, 12th April 2013, 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 65th 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 members(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 65th Annual General Meeting of the Company to be held on the 12th April 2013 and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Affix  
15 paise  
Revenue  
Stamp

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



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# Corporate Information

as on 31st December 2012

## Board of Directors

Dr Prabir Kumar Dutt <i>Chairman</i>	Samir Bhaumik <i>Managing Director</i>	
Kazuo Kudo	Dipak Banerjee	Subir Bose
Bhaskar Nath Ghosh	Utpal Sengupta	Paul Koek

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

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Sandip Chatterjee  
*Chief Finance Officer*

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## Board Committees

### Audit Committee

Dipak Banerjee – *Chairman*  
Subir Bose  
Bhaskar Nath Ghosh  
Paul Koek

### Shareholders'/Investors' Grievance Committee

Utpal Sengupta – *Chairman*  
Dr Prabir Kumar Dutt  
Paul Koek

### Remuneration Committee

Dipak Banerjee – *Chairman*  
Kazuo Kudo  
Paul Koek

## Bankers

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

## Auditors

Lovelock & Lewes  
Plot No. Y-14, Block EP, Sector V, Salt Lake,  
Electronics Complex, Bidhan Nagar, Kolkata - 700 091

## Registrar and Share Transfer Agent

C B Management Services (P) Limited  
P-22, Bondal Road, Kolkata - 700 019

## Registered Office

Transport Depot Road, Kolkata - 700 088

# Ten Years Record

## TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2012 Dec-31	2011 Dec-31	2010 Dec-31	2009 Dec-31	2008 Dec-31	2007 Dec-31	2006 Dec-31	2005 Dec-31	2004 Dec-31	2003 Dec-31
<b>Sales (Net)</b>	<b>7,124</b>	6,748	5,534	4,593	4,719	4,039	3,395	2,786	2,445	2,162
<b>Profit before Tax</b>	<b>315</b>	382 #	649	320	231	167	145	147	114	95
Tax	<b>100</b>	117	141	97	81	58	45	46	39	19
<b>Profit after Tax</b>	<b>215</b>	265 #	507	223	151	109	100	101	75	76
Dividend	<b>43 *</b>	43 *	54 *	43 *	38 *	38 *	28 *	28 *	28 *	27 *
Retained Profit	<b>172</b>	222	454	180	113	71	72	73	47	49
Earnings per Share (Rs.)										
– Basic	<b>23.42</b>	28.82 #	55.28	24.29	16.56	15.86	14.51	14.72	10.92	10.98
– Diluted	<b>23.42</b>	28.82 #	55.28	24.29	16.56	15.69	—	—	—	—
Dividend per Share (%)	<b>40 @</b>	40	50	40	35	35	35	35	35	35
Net Worth per										
Equity Share (Rs.)	<b>308</b>	289.69	265.53	216.04	196.47	170.52	157.54	147.12	136.4	129.47
PBT to Sales (%)	<b>4.42</b>	5.66	11.72	6.97	4.90	4.14	4.27	5.28	4.66	4.39
PAT on Shareholders										
Funds (%)	<b>7.59</b>	9.95	20.82	11.25	8.37	9.30	9.22	9.97	8.00	8.52
Debt Equity Ratio	<b>0.12:1</b>	0.09:1	0.05:1	0.22:1	0.28:1	0.12:1	0.64:1	0.44:1	0.40:1	0.48:1
<b>Sources of Funds</b>										
Share Capital	<b>92</b>	92	92	92	92	69	69	69	69	69
Share Application	—	—	—	—	—	516	—	—	—	—
Reserves & Surplus	<b>2,740</b>	2,567	2,345	1,891	1,712	1,105	1,016	944	870	823
Borrowings	<b>340</b>	227	115	427	497	209	693	444	379	425
	<b>3,172</b>	2,886	2,552	2,410	2,300	1,899	1,778	1,457	1,318	1,317
<b>Application of Funds</b>										
Net Fixed Assets	<b>1,018</b>	897	772	756	745	682	535	451	403	380
Investments	—	—	—	108	108	108	108	108	108	108
Net Current Assets	<b>2,154</b>	1,989	1,780	1,546	1,448	1,109	1,135	898	807	826
Misc. Expenses	—	—	—	—	—	—	—	—	—	3
	<b>3,172</b>	2,886	2,552	2,410	2,300	1,899	1,778	1,457	1,318	1,317

Notes:

\* Includes Tax on Dividend

@ Proposed

# After considering Extra-ordinary items

# 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, customers and other stakeholders.

### 2. Board of Directors

#### A) Composition as on 31st December 2012

The Board of Directors of the Company consisted of 8 members, comprising:

- One Executive Director in the whole-time employment of the Company.
- Five Non-executive Directors, four of whom are Independent, drawn from amongst persons with experience in business, finance, legal, technology and management.
- Two Non-executive Directors nominated by and representing the Holding Company.

The Chairman of the Board is a Non-executive Director.

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

#### B) Other Directorships/Committee Memberships held as on 31st December 2012:

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, Non-executive	—	—	—	—
Mr S Bhaumik	Managing Director, Executive	—	—	—	—
Mr D Banerjee	Non-executive & Independent	7	1	5	3
Mr S Bose	Non-executive & Independent	1	—	1	—
Mr B N Ghosh	Non-executive & Independent	—	—	—	—
Mr U Sengupta	Non-executive & Independent	2	—	—	1
Mr K Kudo	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'/Investors Grievance Committee have been considered.

C) Particulars of change in directorship during the year:

Name of Director	Category	Date of Appointment/ Cessation	Remarks
Dr Prabir Kumar Dutt	Executive	31st March 2012	Resigned as Executive Chairman
	Non-executive	1st April 2012	Appointment as Additional Director
Mr Purushottam Lal Agarwal	Non-executive & Independent	11th April 2012	Resigned
Mr Biswajit Choudhuri	Non-executive & Independent	29th April 2012	Resigned

D) Board Meetings held during the year

During the financial year ended 31st December 2012, six Board Meetings were held on 8th February 2012, 24th April 2012, 26th July 2012, 14th September 2012, 18th October 2012 and 11th December 2012.

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

Name of Director	Board Meetings Attended	Last AGM Attended
Dr P K Dutt	5	Yes
Mr S Bhaumik	6	Yes
Mr K Kudo	2	Yes
Mr P Koek	3	Yes
Mr D Banerjee	6	Yes
Mr S Bose	3	Yes
Mr B N Ghosh	6	Yes
Mr U Sengupta	5	Yes
Mr P L Agarwal*	1	N.A.
Mr B Choudhuri*	2	N.A.

\* - Refer Note 2(C) of the Report

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 65th Annual General Meeting and Explanatory Statement, attached thereto.

### 3. Audit Committee

A) Terms of Reference

The Audit Committee acts as a link between the Internal and Statutory 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 as per Section 292A of the Companies Act, 1956 and 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 Internal and External Audit Reports and the adequacy of internal control systems;

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- 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

The Audit Committee of the Company comprises four members, three of whom are Independent Non-executive Directors and one Non-executive Director representing the Holding Company. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

Mr Biswajit Choudhuri resigned from the Board with effect from 29th April 2012. Pursuant to his resignation, as on 31st December 2012, the Audit Committee of the Company comprises of the following members:

Name of Member	Category
Mr D Banerjee	Chairman
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 2012, four meetings were held on 8th February 2012, 24th April 2012, 26th July 2012 and 18th October 2012.

### D) Attendance of Members at the Audit Committee Meetings

The attendance of the members is as given below:

Name of Member	Meetings Attended
Mr D Banerjee	4
Mr S Bose	4
Mr B Choudhuri*	2
Mr B N Ghosh	4
Mr P Koek	3

\* - Refer Note 2(C) of the Report

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

The Remuneration Committee of the Company comprises three members, two of whom are representing the Holding Company and the Chairman is an Independent Director.



As on 31st December 2012, the Remuneration Committee of the Company comprises of the following members:

Name of Member	Category
Mr D Banerjee	Chairman
Mr K Kudo	Member
Mr P Koek	Member

C) Meetings and Attendance during the year

During the year ended 31st December 2012, one meeting was held on 8th February 2012. All the members attended the meeting.

D) Remuneration paid/payable to the Directors for the financial year ended 31st December 2012

(Figure in Rs.)

Name of Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Dr P K Dutt	510,000	510,000	637,500	1,711,430	48,000	3,416,930
Mr S Bhaumik	1,860,000	1,674,000	—	4,644,566	—	8,178,566
Mr D Banerjee	—	—	180,000	—	112,000	292,000
Mr S Bose	—	—	180,000	—	50,000	230,000
Mr B Choudhuri	—	—	60,000	—	38,000	98,000
Mr P L Agarwal	—	—	52,500	—	18,000	70,500
Mr B N Ghosh	—	—	180,000	—	98,000	278,000
Mr U Sengupta	—	—	180,000	—	50,000	230,000
Mr K Kudo	—	—	—	—	—	—
Mr P Koek	—	—	—	—	—	—

- Except for the Managing Director, all the members of the Board are liable to retire by rotation. The appointment of the Executive Director is governed by the resolutions passed by the Board, as per recommendations of the Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- Dr. P K Dutt, Non-Executive Chairman holds 133 equity shares of the Company. No other Non-executive Directors hold any shares or convertible instruments of the Company.
- In addition to the sitting fees, the Company has paid commission to its Resident Non-executive Directors 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, as decided in the Board Meeting held on 9th February 2011 and 8th February 2012, is as under :
  - Non-executive Chairman – 0.5% of the profits subject to annual ceiling of Rs 850,000/-
  - Others – 0.5% of the profits subject to annual ceiling of Rs 180,000/- per Director.

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- At present, sitting fees of Rs.12,000/- is paid to the Chairman of the Board and the Chairman of the Audit Committee. A sitting fee of Rs.10,000/- is paid to each Resident Non-executive Director for attending each meeting of the Board and the Committees thereof.
- No commission and sitting fees are payable to the Non-resident Non-executive Directors.

### 5. Shareholders'/Investors' Grievance Committee

#### A) Terms of Reference

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

#### B) Composition

The Shareholders'/Investors' Grievance Committee comprises three Directors. With the resignation of the erstwhile Chairman of the Committee, Mr P L Agarwal with effect from 11th April 2012, the Board inducted Mr Utpal Sengupta as the Chairman of the Committee with effect from 24th April 2012.

As on 31st December 2012, the Committee comprises of:

Name of Member	Category
Mr Utpal Sengupta	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

A meeting had been held on 8th February 2012. All the members attended the meeting.

#### D) Status of Transfers

During the year ended 31st December 2012, 1227 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December 2012.

#### E) Complaints

During the year ended 31st December 2012, the Company had received 2 complaints and they have been settled.

### 6. Subsidiary Company

The Company had no subsidiary as on 31st December 2012.

### 7. General Body Meetings

#### A) Particulars of last three Annual General Meetings

AGM	Year Ended	Venue	Date	Time
64th	31.12.2011	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata 700 001	29.05.2012	11.00 a.m
63rd	31.12.2010	– Do –	28.04.2011	3.00 p.m.
62nd	31.12.2009	– Do –	02.06.2010	11.00 a.m

#### B) Postal Ballot Exercise

No Special Resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting.

C) Particulars of Special Resolutions passed at the last three Annual General Meetings

AGM	Year ended	Particulars of Special Resolution	Date	Time
64th	31.12.2011	N.A.	29.05.2012	11.00 a.m.
63rd	31.12.2010	N.A.	28.04.2011	3.00 p.m.
62nd	31.12.2009	N.A.	02.06.2010	11.00 a.m.

D) Particulars of last three Extraordinary General Meetings

Purpose	Venue	Date	Time
Sale of Adhesives Business	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas 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 Wholtime Directors	- Do -	02.12.1993	3.00 p.m.
Issue of Shares on Rights Basis	- Do -	18.12.1992	3.00 p.m.
<i>Others</i>			
Court Convened Meeting for approval of merger of Rohit (Printing Inks & Paints) Industries Private Limited with the Company	- Do -	29.06.2007	10.00 a.m.

**8. Disclosures**

- A) During the year there were no transactions of material nature with related parties that had potential conflict with the interests of the Company.

Details of all related party transactions form a part of the accounts as required under Accounting Standard 18 as notified by the Companies (Accounting Standards) Rules, and the same are given in Note 41 to the Financial Statements.

- B) During the preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- C) 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.
- D) 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.
- E) 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.

**9. Means of Communication**

- A) Half-Yearly Report sent to each household of shareholders : No

## DIC INDIA LIMITED

- B) Quarterly Results
- Newspapers published in : The Economic Times  
Sambad Pratidin
  - Website where displayed : [www.dicindia ltd.co](http://www.dicindia ltd.co)
- C) Audited Financial Results
- Newspaper published in : The Economic Times  
Sambad Pratidin
- D) Whether the website also displays official news releases and presentations to institutional investors/analysts : Yes. No presentation has been made to institutional investors/analysts
- 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 & 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.

In terms of the resolution passed by the Board of Directors in their meeting held on 4th February 2013, the Board has authorized Mr Samir Bhaumik, Managing Director to sign all Certificates as may be required, to comply with the statutory requirements.

Accordingly, a declaration from the Managing Director that all Board Members and Senior Management Personnel have duly complied with the Code of Conduct for the financial year ended 31st December 2012 forms part of the Annual Report.

### 11. CEO/CFO Certification

The Certificate duly signed by the Managing Director and the Chief Finance Officer in respect of the financial year ended 31st December 2012 has been placed before the Board in the meeting held on 4th February 2013 and forms a part of the Annual Report.

## II. NON-MANDATORY REQUIREMENTS

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

The Chairman of the Company is a Non-executive Director and no reimbursement of his expenses is made by the Company.

### 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

The Company's financial results are published in the newspapers and also posted on its own website ([www.dicindia ltd.co](http://www.dicindia ltd.co)). Hence, the Financial Results are not sent to the shareholders. However, the Company furnishes the financial results on receipt of request from the shareholders.

### 4. Audit Qualification

The Company, at present, does not have any audit qualification pertaining to the financial results.

### 5. Mechanism of 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 has adopted Whistle Blower Policy which has been placed in the website of the Company.

## 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 ended 31st December 2012 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**

**Samir Bhaumik**  
Managing Director

**Sandip Chatterjee**  
Chief Finance Officer

Place: Kolkata  
Date: 4th February 2013

**DIC INDIA LIMITED**

**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 Members of the Board and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended 31st December 2012. The same has been duly noted by the Board in its meeting held on 4th February 2013.

Place: Kolkata  
Date: 4th February 2013

**For DIC India Limited**

**Samir Bhaumik**  
Managing Director

**AUDITORS' CERTIFICATE**  
**AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF**  
**CORPORATE GOVERNANCE**

**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 31st December 2012, 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For Lovelock and Lewes**  
*Firm Registration Number - 301056E*  
*Chartered Accountants*

**Sunit Kumar Basu**  
*Partner*  
Membership No. 55000

Place : Kolkata  
Date : 4th February 2013

# Shareholder Information

## 1. Annual General Meeting

The 65th Annual General Meeting will be held at 11.00 A.M. on 12th April 2013, at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata 700 001.

## 2. Financial Year

Financial Year: 1st January to 31st December. For the year ended on 31st December 2012, results were announced on :

Approval of	Board Meeting Date
Unaudited Results for 1st quarter ended 31.03.2012	24.04.2012
Unaudited Results for 2nd quarter ended 30.06.2012	26.07.2012
Unaudited Results for 3rd quarter ended 30.09.2012	18.10.2012
Audited Results for financial year ended 31.12.2012	04.02.2013

## 3. Book Closure Date

The period of book closure is from 4th April 2013 to 12th April 2013, both days inclusive.

## 4. Dividend Payment Date

A Dividend payment of Rs. 4/- per equity share of Rs. 10.00 each will be paid on 20th April 2013, 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 :

1. Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
2. The National Stock Exchange of India Limited (NSE)  
Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
3. 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 2012-13 have been paid to all these Stock Exchanges. The Annual Listing Fees for the year 2013-14 will be paid within the stipulated time.

## 7. Annual Custody Fees to Depositories

The Company has paid Annual Custody Fee for the year 2012-13 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Annual Custody Fees for the year 2013-14 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:

Sl. No.	Stock Exchange	Stock Code
1.	Bombay Stock Exchange Limited	500089
2.	National Stock Exchange of India Limited	DICIND
3.	The Calcutta Stock Exchange Association Limited	13217

## 10. Market Price Data

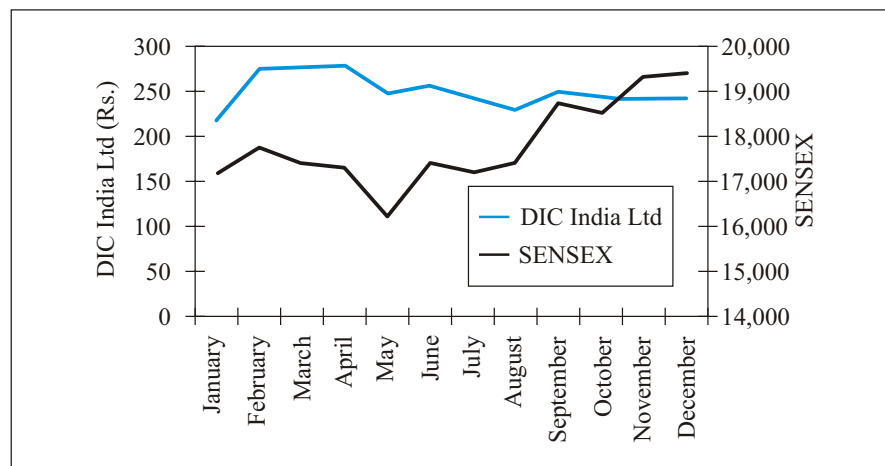
Monthly high and low price of Company's equity shares at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from 1st January 2012 to 31st December 2012 are stated hereunder.

Month	BSE		NSE	
	High	Low	High	Low
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
January 2012	219.90	193.50	219.45	192.25
February 2012	290.40	215.40	288.90	216.05
March 2012	296.00	265.00	298.00	263.00
April 2012	321.70	272.20	323.85	270.00
May 2012	295.00	246.10	300.00	240.65
June 2012	260.00	241.25	262.00	242.90
July 2012	276.95	239.05	278.65	238.00
August 2012	250.00	229.10	254.60	228.00
September 2012	265.00	227.55	265.95	227.20
October 2012	271.95	242.05	259.00	241.25
November 2012	250.00	228.30	251.95	229.65
December 2012	248.75	235.20	254.90	236.05

There were no significant transactions on Calcutta Stock Exchange Association Limited.

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

(Based on closing prices of DIC India Limited and BSE Sensex)



**12. Registrar and Share Transfer Agent**

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

**M/s C B Management Services (P) Limited**

P-22, Bondel Road, Kolkata - 700 019

Phone: 033-2280 6692-94/40116700

Facsimile: 033 2287 0263

E-mail: rta@cbmsl.com

Website: www.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 2012

Category	No. of Shares	% to Share Capital
(A) Promoter's Holding		
Foreign Promoter	6,586,077	71.75
<b>Sub Total (A)</b>	<b>6,586,077</b>	<b>71.75</b>
(B) Non-Promoters Holding		
Directors & Relatives	133	0.00
Insurance Companies	0	0.00
Government/Financial Institutions/Banks/Mutual Funds	423	0.01
Bodies Corporate	228,918	2.49
Foreign Institutional Investors	50	0.00
NRI/OCBs	48,792	0.53
Public	2,307,490	25.14
Others	7,094	0.08
<b>Sub Total (B)</b>	<b>2,592,900</b>	<b>28.25</b>
<b>Grand Total (A+B)</b>	<b>9,178,977</b>	<b>100.00</b>

## 16. Distribution of Shareholding

Distribution of shareholding as on 31st December 2012 is as follows:

Slab	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 — 500	8,755	93.70	829,880	9.04
501 — 1000	281	3.00	219,595	2.39
1001 — 2000	134	1.44	200,879	2.18
2001 — 3000	65	0.70	163,359	1.77
3001 — 4000	29	0.31	99,090	1.07
4001 — 5000	29	0.31	133,731	1.45
5001 — 10000	28	0.30	204,329	2.27
10001 — 50000	20	0.21	284,037	3.09
50001 — above	3	0.03	7,044,077	76.74
<b>Total</b>	<b>9,344</b>	<b>100.00</b>	<b>9,178,977</b>	<b>100.00</b>

## 17. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practising Company Secretary carries out an 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. Dematerialization 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 2012, 97.65% of the Company's total paid up capital representing 8,962,987 equity shares were held in dematerialised form and the balance 2.35% representing 215,990 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

Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 17th Floor,  
Dalal Street  
Mumbai - 400 001

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

Telephone No : 022-2272 3333  
Facsimile 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)
2012	40	36.72
2011	40	36.72
2010	50	45.89
2009	40	36.72
2008	35	32.13
2007	35	32.13
2006	35	24.09
2005	35	24.09
2004	35	24.09
2003	35	24.09

**22. Unclaimed Dividend**

Unclaimed dividend for the last three financial years including 2004 has been transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government, as per table given hereinbelow:

Financial year	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on date of Transfer (Rs.)	Transferred to IEPF on
31.12.2002	55th	25.06.2003	24,099,379.50	170,408.00	19.08.2010
31.12.2003	56th	29.06.2004	24,099,379.50	159,295.50	11.08.2011
31.12.2004	57th	29.04.2005	24,099,379.50	170,579.50	14.06.2012

Under Companies Act, 1956, 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 seven years, will be transferred by the Company to IEPF in accordance with the schedule given below:

Financial year	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on 31/12/2012 (Rs.)	Due for transfer to IEPF on
31.12.2005	58th	15.05.2006	24,099,379.50	144,718.50	22.06.2013
31.12.2006	59th	29.05.2007	24,099,379.50	145,572.00	06.07.2014
31.12.2007	60th	12.06.2008	32,126,419.50	158,525.00	20.07.2015
31.12.2008	61st	12.05.2009	32,126,419.50	205,722.00	19.06.2016
31.12.2009	62nd	02.06.2010	36,715,908.00	244,152.00	10.07.2017
31.12.2010	63rd	28.04.2011	45,894,885.00	284,665.00	04.06.2018
31.12.2011	64th	29.05.2012	36,715,908.00	242,963.46	05.07.2019

**23. Plant Locations as on 31st December 2011**

<b>Location</b>	<b>Address</b>
Kolkata	Transport Depot Road, Kolkata - 700 088
Mumbai	Chandivali Farm, Off Saki Vihar Road, Mumbai - 400 072
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
Bangaluru	66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangaluru - 562 158

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

**Mr Timir Baran Chatterjee**  
Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
**DIC INDIA LIMITED**  
Transport Depot Road, Kolkata - 700 088  
Phone : 033 2449 6591 to 96 (6 lines), Facsimile : 033 2449 5267  
E-mail : [tb.chatterjee@dic.co.in](mailto:tb.chatterjee@dic.co.in), Website : [www.dicindia ltd.co](http://www.dicindia ltd.co)

# Report of the Directors & Management Discussion and Analysis Report

Your Directors have pleasure in presenting the Annual Report for the year ended 31st December 2012.

## ECONOMIC ENVIRONMENT

In economic terms, the year 2012 has been a challenging one for India. It has seen the slowest rate of growth in a decade with 5 per cent GDP growth during the year. The year started in the shadow of the policy reversal on FDI policy in multi-brand retail, followed by a working budget without major policy reforms and concrete steps to control fiscal deficit, current account deficits, subsidies and tapering growth. While a slow recovery of the world economy is partly responsible for this downward trajectory, the rupee depreciation in 2012 has imposed severe challenges to control input cost, particularly companies with high import contents. The manufacturing sector has taken a dip and growing at 1.9 per cent. This is the lowest pace of growth for manufacturing sector in the past fourteen years. The private consumption has also posted a growth of 4.1 per cent, lowest in the last decade. Consumer industry, which is a major growth driver for our industry, has been very disappointing. Consumer goods contracted by 4.5 per cent on year to year basis in December, 2012. This is the sharpest contraction since 2009. Publishing and Print media have also registered a sharp contraction of 24 per cent and 21 per cent respectively.

However, there are few positive areas. Annual FDI was the highest during the year 2012. Annual food production was a new record. FII inflow amounting to Rs. 1181 billion as of 18th December 2012 is the highest among emerging economies. With policy corrections and investment friendly decisions, the long term GDP targets can still be achieved. However, the year 2012 as a whole has been rough in terms of economic and political developments.

## FINANCIAL RESULTS

	(Rs. in Million)	
	2012	2011
Sales excluding Excise Duty	<b>7123.86</b>	6,747.55
Other Income	<b>40.48</b>	53.88
Total Revenue	<b>7164.34</b>	6801.43
Operating Profit	<b>367.08</b>	416.58
Profit before Taxation	<b>314.92</b>	381.90
Provision for Taxation including Deferred Taxation	<b>99.97</b>	117.39
Profit after Tax	<b>214.95</b>	264.51
Profit brought forward from the previous year	<b>1292.06</b>	1096.68
Profit available for Appropriation	<b>1507.01</b>	1361.19
Appropriation-		
Proposed Dividend	<b>36.72</b>	36.72
Tax on Dividend	<b>5.96</b>	5.96
General Reserve	<b>21.49</b>	26.45
Balance Carried Forward	<b>1442.84</b>	1292.06

## PERFORMANCE REVIEW

In spite of all adverse economic environment, your Company has been able to maintain growth in Revenue from Rs. 6747.55 million to Rs. 7123.86 million registering an increase of 5.58 per cent. Profit before tax was Rs. 314.92 as

against Rs.381.90 in the previous year. Profit for the year has been significantly affected by imposition of Entry Tax in West Bengal coupled with significant depreciation of rupee during the year.

#### **NEW PROJECT**

In order to increase the sustainability of your Company, we have set up a new plant for Lamination Adhesive at Bangaluru during the year. This product is related to packaging segment which has a potential growth area. Hence we would expect to service our packaging customers with extended product range.

#### **OUTLOOK**

The fourth quarter of 2012 has seen a positive approach from the Government to restore economy to 7-8 percent growth rate. However, the situation till now is fragile and 2013 looks to be an uncertain year. Persistent price rises, even during the period where commodity prices are down internationally, does not have much space for monetary easing. It is hoped that Government will carry out reforms including fiscal consolidation and regaining investors confidence. The Country has recently enacted reforms to allow more foreign investment in the retail sector which is expected to be a growth driver for our industry. We do hope more will be done if the world's second largest populous nation is to return to the near double digit rate of growth.

#### **DIVIDEND**

Your Board recommends the rate of dividend declared to be Rs 4.00 per share (FY2011 - Rs.4.00 per share), subject to approval of shareholders at the ensuing Annual General Meeting.

#### **CAPITALEXPENDITURE**

Capital expenditure during the year amounted to Rs.291.72 million, a major part of which was spent on setting up a new Lamination Adhesive Plant at Bangaluru.

#### **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 to and forms a part of this Report.

Your Company has a Technical Collaboration Agreement with DIC Corporation, Japan in the areas of manufacturing printing ink, PU Resins and Lamination Adhesives. Products manufactured with the technical know how of the collaborators have been well received by the concerned customers.

#### **DEPOSITS FROM PUBLIC**

As on 31st December 2012, the Company has no unclaimed deposit lying against it.

#### **HUMAN RESOURCES**

Your Company believes that the competence and commitment of the people are the principle drivers of competitive advantage that enables 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 2012, the Company had 603 employees on its pay roll.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees. Any member interested in obtaining a copy of the

## **DIC INDIA LIMITED**

said Statement may write to the Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary of the Company.

### **WEBSITE OF THE COMPANY**

The Company maintains a website [www.dicindia.co](http://www.dicindia.co) where detailed information of the Company and its products are provided.

### **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.

### **RELATED PARTIES**

Notes to the Accounts sets out the nature of transactions with related parties. Transactions with Related Parties are carried out at arm's length. The details of such transactions are placed before the Audit Committee. A statement of related party transactions pursuant to Accounting Standard 18 forms part of this Annual Report.

### **LISTING WITH STOCK EXCHANGES**

Your Company is listed with The Calcutta Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the Company has paid the listing fees to each of the Exchanges.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company maintains DIC Group's commitment to fulfill its environment, social and economic responsibilities. DIC Group has recently issued its CSR Report 2012 describing the efforts of the DIC Group to carry out its Corporate Social Responsibility.

### **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 factories at Kolkata, Noida, Mumbai and Ahmedabad are all ISO certified by BVQI. Kolkata and Noida plant are ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 certified while Mumbai and Ahmedabad plant are ISO 9001:2008 certified. 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**

Pursuant to the ORACLE license period coming to an end, the Company has installed SAP ERP suite for a reliable, high end, comprehensive, disciplined and integrated business solution. The same has been put in place with effect from 1st April 2012.



## **DIRECTORS**

In terms of Articles of Association of the Company, Mr Subir Bose, Mr Bhaskar Nath Ghosh and Mr Kazuo Kudo retire from the Board by rotation and being eligible, offer themselves for re-appointment. They do not hold any shares of the Company.

The appointments of Mr S Bose, Mr B N Ghosh and Mr K Kudo, 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 2012, 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 2012 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 2012 have been prepared on a going concern basis.

## **COST AUDIT**

The Central Government vide its Notification No. 52/26/CAB-2010 dated 30th June 2011 has directed the audit of the cost accounts relating to Varnish to be carried out by the Cost Auditor. Accordingly, M/s. Sinha Chaudhuri & Associates having registration No. 000057 were appointed as the Cost Auditors for auditing the Company's cost accounts for the year ended 31st December 2012.

## **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. 0.17 million during the financial year 2012 to the Investor Education & Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956.

## **RISKS & MITIGATING STEPS**

The Company has identified various risks faced by the Company from different areas. The spiraling inflation without a commensurate increase in per capita income combined with a fall in capital investment have a potential to affect FMCG segment which will have its impact on Ink industry. Further, the unpredictable increase of crude price will have a significant impact on the cost and profitability of the Ink business. Continuous fall in INR/USD exchange rate may further impact the prices of imported inputs which will have its negative impact on the overall profitability.

As required under Clause 49 of the Listing Agreement, the Board has adopted a risk management policy whereby a proper framework is set up. Appropriate structures are present so that risks are inherently monitored and controlled. A combination of policies and procedures attempts to counter risk as and when they evolve. The internal audit department also periodically monitors the various functions and regions to establish any risk existing in the operational functions of the Company.

## **DIC INDIA LIMITED**

The risks and its mitigating factors are discussed by the management and subsequently placed before the Board for their opinion and advice. The current risk management report was discussed by the Board in its meeting held on 11th December 2012.

### **ACKNOWLEDGEMENT**

The Board of Directors take 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 PRABIR KR DUTT**  
*Chairman*

**SAMIR BHAUMIK**  
*Managing Director*

*Kolkata*  
*4th February 2013*

*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 2012

##### (A) Power and Fuel Consumption

(a)	Fuel consumption	Units	2012	2011
1	<b>Electricity</b>			
(i)	<b>Purchased from Electricity Board</b>			
	KWH	Million	<b>6.90</b>	6.42
	Total Amount	Rs. in Million	<b>39.17</b>	37.77
	Average Rate	Rs./Units	<b>5.68</b>	5.89
(ii)	<b>Purchased from Others</b>			
	KWH	Million	<b>4.47</b>	4.03
	Total Amount	Rs. in Million	<b>34.16</b>	26.34
	Average Rate	Rs./Units	<b>7.65</b>	6.53
(iii)	<b>Own Generation - through Diesel Generator</b>			
	KWH	Million	<b>0.90</b>	0.59
	Unit per litre of diesel	Kwh	<b>1.97</b>	2.73
	Average Rate	Rs./Units	<b>11.34</b>	12.90
2.	<b>HSD Used</b>			
	Ltrs	Million	<b>0.44</b>	0.24
	Total Amount	Rs. in Million	<b>18.84</b>	9.70
	Average Rate	Rs./Units	<b>42.42</b>	40.43
3.	<b>Furnace Oil</b>			
	Ltrs	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:

- Development of Volatile Organic Content free semi finished colour range for Sheetfed application
- Development of Sheetfed process colours having specific properties as per ISO 2846
- Development of high-gloss Wet Offset UV Varnish
- Glueable and Foil Blockable UV Varnish for paper and board
- Gravure UV Varnish for paper

**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:

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

**3. Future Plan of Action**

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

**4. Expenditure on R&D**

The Company has modern R&D Centre at Kolkata and Noida which are recognised by the Department of Scientific & Industrial Research, Ministry of Science & Technology, Govt of India. During the year, the Company has incurred the following expenditure on R&D facilities:

- (a) Capital Expenditure of Rs.3.24 million
- (b) Recurring Expenditure of Rs. 23.63 million,
- (c) Total Expenditure Rs. 26.87 million and
- (d) Total R&D Expenditure as a percentage to total Turnover was 0.38%.

**(C) Technology Absorption, Adoption and Innovation**

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

The Company has been successfully developing the technologies and products listed in B1 above.

**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 had also executed a fresh Technical Collaboration Agreement with DIC Corporation, Japan with effect from 1st July 2011. 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. 332.42 million (from Rs. 317.50 million in 2011), registering an increase of 4.7%. Earnings in foreign exchange through exports and other earnings amounted to Rs. 333.84 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. 2092.48 (Rs. 2034.06 million in 2011).

# Auditors' Report

## To the Members of DIC India Limited

1. We have audited the attached Balance Sheet of DIC India Limited (the "Company") as at 31st December 2012, and the related Statement of Profit and Loss 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 (Auditors' Report) (Amendment) Order, 2004 (together the "Order"), 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 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December 2012 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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.

Kolkata  
4th February 2013

For **Lovelock & Lewes**  
Firm Registration Number 301056E  
Chartered Accountants  
**Sunit Kumar Basu**  
Partner  
Membership Number 55000

## 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 as of and for the year ended 31st December, 2012

- i. (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 have been noticed on such verification.
  - (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.
- ii. (a) The inventory (excluding stocks with third parties) 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. 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.
- iii. The Company has not granted / taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4 (iii) (b), (c) and (d)/(f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of inventory which are of special/proprietary nature for which suitable alternative sources do not exist, 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.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (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 Lakhs 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 to the extent of Rs. 30.81 million in respect of one party payable to DIC Fine Chemicals Private Limited where we are unable to comment as there are no comparable market prices available, being services of specialized/proprietary nature.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

## DIC INDIA LIMITED

- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act. 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.
- ix. (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 undisputed statutory dues in respect of provident fund, employees' state insurance, service tax, tax deducted at source and work contract tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including, investor education and protection fund, income tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, customs duty and excise duty as at 31st December 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in Million)	Period to which it relates	Forum where the dispute is pending
Income-tax Act 1961	Income Tax	0.72	1987-88 to 1991-92	Hon'ble High Court at Calcutta Commissioner (Appeals) DCIT
		2.68	2007-08	
		0.37	1994-95	
Sales Tax and VAT Laws	Sales Tax and VAT	10.66	2003 to 2006	Revisional and Appeal Board Appellate Authority Commissioner (Appeals) Joint Commissioner (Appeal) Hon'ble High Court at Calcutta
		185.23	2006 to 2010	
		1.06	2004 to 2005	
		3.00	2008 to 2009	
		0.23	2002 to 2004	
Central Excise Act 1944	Excise Duty	13.95	1993 to 2010	CCE (Appeals) CESTAT Jurisdictional Commissioner of Excise
		19.62	1994 to 2006	
		11.90	1997	
Finance Act 1994	Service Tax	17.22	2001 to 2005	Commissioner of Service Tax CESTAT CCE (Appeals)
		4.17	2004 to 2007	
		15.60	2003 to 2011	
Customs Act 1962	Customs Duty	3.43	1999	Hon'ble High Court at Calcutta

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. 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 holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.



- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Kolkata  
4th February 2013

For **Lovelock & Lewes**  
Firm Registration Number 301056E  
Chartered Accountants  
**Sunit Kumar Basu**  
Partner  
Membership Number 55000

# Balance Sheet

As at 31st December 2012

(Rs. in Million)

	Note	As at 31st December 2012		As at 31st December 2011	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	91.79		91.79	
Reserves and Surplus	2	2,739.56	2,831.35	2,567.29	2,659.08
<b>Non Current Liabilities</b>					
Deferred Tax Liabilities (Net)	3	82.14		69.21	
Long-term Provisions	4	17.29	99.43	21.52	90.73
<b>Current Liabilities</b>					
Short-term Borrowings	5	340.38		227.04	
Trade Payables	6	821.82		945.45	
Other Current Liabilities	7	410.66		280.13	
Short-term Provisions	8	45.14	1,618.00	55.11	1,507.73
<b>TOTAL</b>			<b>4,548.78</b>		<b>4,257.54</b>
<b>ASSETS</b>					
<b>Non Current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	9	916.90		762.33	
Intangible Assets	10	33.88		—	
Capital Work in progress		67.58	1,018.36	134.45	896.78
<b>Non Current Investments</b>					
	11		—		—
<b>Long-term Loans and Advances</b>					
	12		34.59		42.96
<b>Current Assets</b>					
Inventories	13	1,145.40		1,035.28	
Trade Receivables	14	2,023.39		1,884.35	
Cash and Bank Balances	15	49.01		140.48	
Short term Loans and Advances	16	272.12		257.23	
Other Current Assets	17	5.91	3,495.83	0.46	3,317.80
<b>TOTAL</b>			<b>4,548.78</b>		<b>4,257.54</b>

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

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

**For Lovelock and Lewes**  
Firm Registration Number - 301056E  
Chartered Accountants  
**Sunit Kumar Basu**  
Partner  
Membership Number: 55000  
Kolkata, 4th February 2013

**Sandip Chatterjee**  
Chief Finance Officer  
Kolkata, 4th February 2013

On behalf of the Board  
**Dr Prabir Kr Dutt**  
Chairman  
**Samir Bhaumik**  
Managing Director  
**Timir Baran Chatterjee**  
Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
Kolkata, 4th February 2013

# Statement of Profit & Loss

For the year ended 31st December 2012

(Rs. in Million)

	Note	Year ended 31st December 2012	Year ended 31st December 2011
<b>REVENUE FROM OPERATIONS</b>			
Gross Revenue from sale of products		7,932.79	7,401.28
Less: Excise Duty		808.93	653.73
		<u>7,123.86</u>	<u>6,747.55</u>
Other Operating revenue	18	36.05	22.39
		<u>7,159.91</u>	<u>6,769.94</u>
Other Income	19	4.43	31.49
<b>TOTAL REVENUE</b>		<u>7,164.34</u>	<u>6,801.43</u>
<b>EXPENSES</b>			
Cost of Materials consumed	20	5,076.87	4,832.76
Purchases of Stock in Trade		302.91	294.00
Changes in Inventories of Finished Goods, Intermediates and Stock in Trade	21	(17.09)	(67.87)
Employee Benefits expense	22	434.34	411.69
Finance costs	23	54.04	42.00
Depreciation and Amortisation expense		100.90	88.24
Other expenses	24	897.45	818.71
		<u>6,849.42</u>	<u>6,419.53</u>
<b>PROFIT</b>			
Profit before Taxation		314.92	381.90
Less: Tax expense			
– Current Tax	29	87.04	117.00
– Deferred Tax		12.93	0.39
		<u>99.97</u>	<u>117.39</u>
Profit after Taxation		<u>214.95</u>	<u>264.51</u>
Earnings Per Share	44		
- Basic and Diluted (Rs.)		23.42	28.82
Face Value of Equity Shares (Rs.)		10.00	10.00

The Notes referred to above form an integral part of the Statement of Profit & Loss.

This is the Statement of Profit & Loss referred to in our Report of even date.

**For Lovelock and Lewes**  
Firm Registration Number - 301056E  
Chartered Accountants  
**Sunit Kumar Basu**  
Partner  
Membership Number: 55000  
Kolkata, 4th February 2013

**Sandip Chatterjee**  
Chief Finance Officer  
Kolkata, 4th February 2013

On behalf of the Board  
**Dr Prabir Kr Dutt**  
Chairman  
**Samir Bhaumik**  
Managing Director  
**Timir Baran Chatterjee**  
Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
Kolkata, 4th February 2013

# Notes to the Financial Statements

(Rs. in Million)

	As at 31st December 2012 (No. of shares)	As at 31st December 2012 (Rs. in Million)	As at 31st December 2011 (No. of shares)	As at 31st December 2011 (Rs. in Million)
<b>Note 1</b>				
<b>SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of Rs.10.00 each	15,000,000	150.00	15,000,000	150.00
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of Rs 10.00 each fully paid	9,178,977	91.79	9,178,977	91.79
	9,178,977	91.79	9,178,977	91.79
<b>A) Reconciliation of number of Equity Shares outstanding</b>				
Shares outstanding as at the beginning of the year	9,178,977	91.79	9,178,977	91.79
Shares outstanding as at the end of the year	9,178,977	91.79	9,178,977	91.79

**B) Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of Rs.10.00 per Equity Share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31st December 2012 (No. of shares)	As at 31st December 2012 (% of holding)	As at 31st December 2011 (No. of shares)	As at 31st December 2011 (% of holding)
<b>C) Shares held by the Holding Company</b>				
DIC Asia Pacific Pte. Limited	6,586,077	71.75	6,586,077	71.75
<b>D) Shareholders holding more than 5% of the Shares in the Company</b>				
DIC Asia Pacific Pte. Limited	6,586,077	71.75	6,586,077	71.75

E) There were no shares issued pursuant to contracts without payment being received in cash, by way of bonus issue and no shares were bought back in the period of five years immediately preceding the date as at which the Balance Sheet is prepared.

## Notes to the Financial Statements

(Rs. in Million)

	As at 31st December 2012	As at 31st December 2011
<b>Note 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
At the beginning and at the end of the year	0.05	0.05
<b>Securities Premium Reserve</b>		
At the beginning and at the end of the year	654.81	654.81
<b>General Reserve:</b>		
At the beginning of the year	620.37	593.92
Add: Transfer from Surplus in Statement of Profit and Loss	21.49	26.45
At the end of the year	641.86	620.37
<b>Surplus in Statement of Profit and Loss</b>		
At the beginning of the year	1,292.06	1,096.68
Add: Profit for the year	214.95	264.51
Less: Transfer to General Reserve	21.49	26.45
Proposed Dividend [Rs. 4.00 (2011: Rs. 4.00) per share]	36.72	36.72
Dividend Distribution Tax	5.96	5.96
At the end of the year	1,442.84	1,292.06
	<u>2,739.56</u>	<u>2,567.29</u>
<b>Note 3</b>		
<b>DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation	89.79	81.65
<b>Deferred Tax Assets</b>		
Employees' separation costs	1.55	1.93
Provision for Bad and Doubtful Debts	0.91	1.32
Temporary disallowance under Section 43B of the Income Tax Act, 1961	5.19	9.19
	<u>7.65</u>	<u>12.44</u>
	<u>82.14</u>	<u>69.21</u>

## Notes to the Financial Statements

(Rs. in Million)

	As at 31st December 2012	As at 31st December 2011
<b>Note 4</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits (Note 43)</b>		
Retirement Benefit	5.44	5.01
Leave Encashment	11.85	16.51
	<u>17.29</u>	<u>21.52</u>
<b>Note 5</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured Loans</b>		
Loans repayable on demand:		
From Banks*		
Cash Credit facilities and Working Capital Loans	110.38	127.04
<b>Unsecured Loans</b>		
From Banks		
Short Term Loans	230.00	100.00
	<u>340.38</u>	<u>227.04</u>
* The Company's borrowings from the Consortium of Banks are secured by: Hypothecation of Stock-in-Trade, Spares, Stores, Tools and Accessories and Book Debts of the Company, both present and future.		
<b>Note 6</b>		
<b>TRADE PAYABLES</b>		
Acceptances	—	19.21
Sundry Creditors	821.82	926.24
(Refer Note 30 on Micro, Small and Medium enterprises)		
	<u>821.82</u>	<u>945.45</u>
<b>Note 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Unclaimed dividend	1.43	1.36
<b>Other payables</b>		
Payable for Fixed Assets	81.81	8.70
Statutory Liabilities	35.92	40.62
Advance received from Customers	8.97	11.00
Employee related Liability	64.99	47.80
Royalty Liability to Related Party	84.79	41.89
Deposit Receipts	25.76	26.47
Sales Commission and Discount Liabilities	106.99	102.29
	<u>410.66</u>	<u>280.13</u>
<b>Note 8</b>		
<b>SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits (Note 43)</b>		
Leave Encashment	2.09	0.83
Retirement Benefit	0.37	0.82
Provident Fund	—	6.00
Gratuity Fund	—	2.72
<b>Other Provisions</b>		
Provision for Taxation (net of Advance Tax)	—	2.06
Proposed Dividend	36.72	36.72
Dividend Distribution Tax	5.96	5.96
	<u>45.14</u>	<u>55.11</u>

## Notes to the Financial Statements

(Rs. in Million)

### Note 9

#### TANGIBLE ASSETS

Particulars	Gross Block				Depreciation/ Amortisation				Net Value	
	Cost as at 01.01.2012	Addition during the Period	Sales/ Discards/ Transfer	Cost as at 31.12.2012	As at 01.01.2012	Sales/ Discard/ Transfer	For the Period	As at 31.12.2012	As at 31.12.2012	As at 31.12.2011
<b>TANGIBLE ASSETS</b>										
Land-Freehold	9.08	—	—	9.08	—	—	—	—	9.08	9.08
Land Leasehold	17.47	—	—	17.47	4.20	—	0.45	4.65	12.82	13.27
Building	216.27	16.94	—	233.21	89.20	—	10.66	99.86	133.35	127.07
Plant & Equipment	1,122.29	227.71	10.87	1,339.13	529.06	9.42	74.45	594.09	745.04	593.23
Furniture & Fixtures	24.97	1.11	2.43	23.65	15.53	2.22	3.74	17.05	6.60	9.44
Vehicles	2.81	0.37	0.78	2.40	1.75	0.24	0.17	1.68	0.72	1.06
Office Equipment	9.05	0.22	—	9.27	6.44	—	0.38	6.82	2.45	2.61
Computers	54.93	3.67	4.90	53.70	48.36	4.73	3.23	46.86	6.84	6.57
<b>Total</b>	<b>1,456.87</b>	<b>250.02</b>	<b>18.98</b>	<b>1,687.91</b>	<b>694.54</b>	<b>16.61</b>	<b>93.08</b>	<b>771.01</b>	<b>916.90</b>	<b>762.33</b>
Previous Year	1,332.44	138.64	14.21	1,456.87	617.86	11.56	88.24	694.54	762.33	

### Note - 10

#### INTANGIBLE ASSETS

Particulars	Gross Block				Depreciation/ Amortisation				Net Value	
	Cost as at 01.01.2012	Addition during the Period	Sales/ Discards/ Transfer	Cost as at 31.12.2012	As at 01.01.2012	Sales/ Discard/ Transfer	For the Period	As at 31.12.2012	As at 31.12.2012	As at 31.12.2011
<b>INTANGIBLE ASSETS</b>										
Computer Software	20.04	41.70	20.04	41.70	20.04	20.04	7.82	7.82	33.88	—
<b>Total</b>	<b>20.04</b>	<b>41.70</b>	<b>20.04</b>	<b>41.70</b>	<b>20.04</b>	<b>20.04</b>	<b>7.82</b>	<b>7.82</b>	<b>33.88</b>	<b>—</b>
Previous Year	20.04	—	—	20.04	20.04	—	—	20.04	—	—

**As at  
31st December  
2012**

**As at  
31st December  
2011**

### Note 11

#### NON CURRENT INVESTMENTS (At cost less provision)

Long Term Investments- Unquoted

Other than Trade - Investment in Equity Instruments

Unquoted

\* # Magnum Tower Co-operative Housing Society Ltd.,  
10 Equity shares of Rs. 50 each fully paid (Rs.500.00)

\*# Sheffield Towers Co-operative Housing Society Ltd.,  
5 Equity shares of Rs. 50 each fully paid (Rs.250.00)

\*# Mani Towers Flat Owners Association,  
20 Equity Shares of Rs 10/- each fully paid (Rs.200.00)

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

# Figures are below the rounding off norms of the company

### Note 12

#### LONG TERM LOANS AND ADVANCES

Unsecured, Considered good

Capital Advances

**0.53**

8.09

Security Deposits

**30.83**

32.76

Employee Loans \*

**3.23**

2.11

**34.59**

42.96

\* includes amount due from an Officer of the Company Rs. 0.28 million (2011- Rs. 0.38 million).

\* includes amount due from Directors Rs. 0.05 million (2011- Rs. 0.13 million).

## Notes to the Financial Statements

(Rs. in Million)

	As at 31st December 2012	As at 31st December 2011
<b>Note 13</b>		
<b>INVENTORIES</b>		
<b>(At lower of Cost and Net Realizable Value)</b>		
Raw Materials (includes in transit Rs. 4.94 million ; 2011: Rs. 95.79 million)	542.53	467.57
Intermediates (includes in transit Rs. 4.06 million; 2011: Rs. NIL)	150.12	128.88
Finished Goods (includes in transit Rs. 32.64 million; 2011: Rs. NIL)*	349.98	369.11
Stock in Trade	64.02	36.63
Stores and Spares (includes in transit Rs. 0.01 million; 2011: Rs. NIL)	15.77	13.30
Containers (includes in transit Rs. 0.03 million; 2011: Rs. NIL)	22.98	19.79
	<u>1,145.40</u>	<u>1,035.28</u>
* including stock lying with third parties		
<b>Note 14</b>		
<b>TRADE RECEIVABLES</b>		
Debts outstanding for a period exceeding six months from the date they are due for payment		
Secured-Considered good	3.67	0.19
Unsecured-Considered good	49.66	13.23
Unsecured-Considered Doubtful	2.81	4.07
	<u>56.14</u>	17.49
Less : Provision for Doubtful Debts	2.81	4.07
	<u>53.33</u>	13.42
Other debts		
Secured-Considered good	20.58	18.12
Unsecured-Considered good	1,949.48	1,852.81
	<u>1,970.06</u>	<u>1,870.93</u>
	<u>2,023.39</u>	<u>1,884.35</u>
<b>Note 15</b>		
<b>CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalent</b>		
Cash in hand	0.64	0.61
Cheques-in-hand	0.68	95.33
Remittance in transit	—	0.12
Balance with Banks on Current Account	46.26	43.06
<b>Other Bank Balances</b>		
In unpaid Dividend Account	1.43	1.36
	<u>49.01</u>	<u>140.48</u>



## Notes to the Financial Statements

(Rs. in Million)

	As at 31st December 2012	As at 31st December 2011
<b>Note 16</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered good</b>		
Loans and advances to Related Parties	3.16	3.98
<b>Others</b>		
Advances with Governments and Public Bodies	130.36	135.43
Supplier Advances	77.92	80.14
Prepaid Expenses	9.99	8.17
Advances to Employees *	8.47	4.18
Recoverable from Pension and Gratuity Fund	22.41	25.33
Advance payment of Income Tax (Net of Provision)	19.81	—
	<b>268.96</b>	<b>253.25</b>
	<b>272.12</b>	<b>257.23</b>

\* includes amount due from an Officer of the Company Rs. 0.10 million (2011-Rs. 0.10 million).

\* includes amount due from Directors Rs.0.11 million (2011-Rs.0.11 million).

	As at 31st December 2012	As at 31st December 2011
<b>Note 17</b>		
<b>OTHER CURRENT ASSETS</b>		
Duty Drawback Receivables	2.07	—
Insurance Claim Receivables	1.20	—
Interest Receivables	0.23	0.23
Other Receivables	2.41	0.23
	<b>5.91</b>	<b>0.46</b>

**Notes to the Financial Statements**

	Year ended 31st December 2012	(Rs. in Million) Year ended 31st December 2011
<b>Note 18</b>		
<b>OTHER OPERATING REVENUE</b>		
Sale of Containers and Scrap	18.34	17.02
Commission Received	1.30	1.62
Duty Drawback	7.29	—
Insurance Claim	4.94	3.68
Bad debts recovered	2.57	0.07
SAD Claim Receipts	1.61	—
	<u>36.05</u>	<u>22.39</u>
<b>Note 19</b>		
<b>OTHER INCOME</b>		
Interest on Loans and Advances	0.45	0.39
Gain on Foreign Currency Exchange	—	17.94
Management Fees received	1.43	5.07
Liabilities and Provisions written back	2.55	2.13
Rent received	—	0.12
Profit on disposal of Fixed Assets	—	5.84
	<u>4.43</u>	<u>31.49</u>
<b>Note 20</b>		
<b>COST OF MATERIALS CONSUMED</b>		
<b>Raw materials consumed</b>		
Opening Inventory	467.57	358.35
Add : Purchases	4,795.73	4,582.70
Less : Inventory at the end of the period	542.53	467.57
Cost of raw materials consumed during the year	<u>4,720.77</u>	<u>4,473.48</u>
<b>Container consumption</b>		
Opening Inventory	19.79	19.98
Add : Purchases	346.00	340.13
Less : Inventory at the end of the period	22.98	19.79
Cost of containers consumed during the year	<u>342.81</u>	<u>340.32</u>
Inter-Factory Freight	13.29	18.96
	<u>5,076.87</u>	<u>4,832.76</u>

## Notes to the Financial Statements

(Rs. in Million)

	Year ended 31st December 2012	Year ended 31st December 2011
<b>Note 21</b>		
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, INTERMEDIATES AND STOCK IN TRADE</b>		
<b>Finished Goods (Manufactured)</b>		
Opening Stock	369.11	269.82
Closing Stock	<u>349.98</u> 19.13	<u>369.11</u> (99.29)
<b>Stock in Trade (Goods Purchased for resale)</b>		
Opening Stock	36.63	39.25
Closing Stock	<u>64.02</u> (27.39)	<u>36.63</u> 2.62
<b>Intermediates</b>		
Opening Stock	128.88	147.73
Closing Stock	<u>150.12</u> (21.24)	<u>128.88</u> 18.85
Excise Duties on Increase/ (decrease) of finished goods	<u>12.41</u>	<u>9.95</u>
	<u>(17.09)</u>	<u>(67.87)</u>
<b>Note 22</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	352.21	324.74
Contribution to Provident Fund and other Funds	37.97	43.94
Staff Welfare Expenses	<u>44.16</u>	<u>43.01</u>
	<u>434.34</u>	<u>411.69</u>
<b>Note 23</b>		
<b>FINANCE COSTS</b>		
Interest expenses	53.38	40.91
Other borrowing costs	<u>0.66</u>	<u>1.09</u>
	<u>54.04</u>	<u>42.00</u>
<b>Note 24</b>		
<b>OTHER EXPENSES</b>		
Consumption of Stores and Spares (Note 33)	75.30	50.06
Power & Fuel	126.77	111.28
Rent (Note 28 )	24.47	19.38
Repairs to Buildings	6.59	6.76
Repairs to Plant & Machinery	31.81	33.85
Other Repairs	8.82	5.86
Insurance	19.76	18.62
Rates & Taxes, excluding taxes on income	57.54	33.26
Selling Agents' Commission	61.55	71.63
Travelling Expenses	32.50	27.08
Despatching Expenses	177.52	178.13
Processing Charges	71.57	59.64
Royalty	94.57	86.48
Loss on Foreign Currency Exchange	2.74	—
Debts written off (Net of Provision for Doubtful Debts written back)	2.97	11.74
Directors Fees	0.41	0.42
Auditors' Remuneration (Note 34)	3.67	2.71
Loss on sale / write off of Fixed Assets	0.52	1.96
Miscellaneous expenses	<u>98.37</u>	<u>99.85</u>
	<u>897.45</u>	<u>818.71</u>

## Additional Notes to the Financial Statements

### 25. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 15.70 Million (2011- Rs. 48.01 Million)

### 26. Contingent Liabilities

#### (a) Contingent Liabilities not provided for in respect of:

- i) Income Tax matters Rs. 20.39 Million (2011 - Rs. 32.67 Million) pending in appeals.
- ii) Disputed Sales Tax, Excise Duties, etc. Rs. 293.55 Million (2011 - Rs. 288.75 Million) for which appeals before the relevant authorities are pending disposal.

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

#### (b) Commitments not provided for in respect of:

Guarantee or Counter Guarantee or Counter Indemnity given by the Company to banks Rs. 42.02 Million. (2011 - Rs. NIL)

### 27. Derivative Instruments

- (a) Foreign exchange currency exposures that have not been hedged by a Derivative Instrument or otherwise as at year end are as under:

(in Million)

Currency Exchange	As at 31st December 2012			As at 31st December 2011		
	Sell	Buy	Net	Sell	Buy	Net
EURO	0.23	0.55	(0.32)	0.27	0.39	(0.12)
GBP	0.01	0.13	(0.12)	—	0.16	(0.16)
JPY	—	67.27	(67.27)	—	9.35	(9.35)
USD	1.04	2.63	(1.60)	1.56	2.58	(1.02)
CHF	—	0.58	(0.58)	—	—*	—*

\* Below the rounding off norms of the Company

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

(in Million)

Currency Exchange	As at 31st December 2012			As at 31st December 2011		
	Sell	Buy	Net	Sell	Buy	Net
USD	—	0.49	(0.49)	—	0.27	(0.27)
EURO	—	0.05	(0.05)	—	—	—
JPY	—	1.50	(1.50)	—	—	—

### 28. Assets acquired under Operating Lease

- (a) 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 to 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 Note 24.

## Additional Notes to the Financial Statements

- (b) The Company 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 2012 and amount paid during the year are given below:

	Minimum lease Payments due	
	2012 (Rs. in Million)	2011 (Rs. in Million)
Not later than one year	3.05	4.19
Later than one year and not later than five years	2.23	4.61
	Amount paid during the year	
Lease Payment recognised in the Statement of Profit and Loss (Refer Note 24)	5.14	6.18

### 29. 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 2012 to 31st March 2012 forming part of the Assessment Year 2012-2013. Ultimate liability for Taxation for the Assessment Year 2013-2014 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 2013 as one composite income.

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

	2012 (Rs. in Million)	2011 (Rs. in Million)
(i) Principal Amount remaining unpaid at the end of the year	46.48	27.79
Interest due thereon remaining unpaid as at the end of year	8.38	5.59
(ii) Delayed payment of Principal Amount paid beyond the appointed day during the year	169.64	80.57
Interest actually paid under Section 16 of the Act, during the year	—	—
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	—	—
(iv) a) Interest accrued during the year	2.79	1.06
b) Interest remaining unpaid, out of above, as at the end of the year	2.79	1.06
(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. (Note 2)	8.38	5.59

Notes:

- (1) This information has been determined to the extent such parties have been identified on the basis of the information available with the Company.
- (2) Included in SI No. (v) above is Rs. 5.59 Million (2011 - Rs. 4.53 Million) being Interest on amount outstanding as at the beginning of the accounting year.

## Additional Notes to the Financial Statements

## 31. Raw Materials Consumed

Class of Goods	2012 (Rs. in Million)	2011 (Rs. in Million)
Pigments	1,360.17	1,270.69
Resins	1,044.96	943.39
Oil	787.47	799.32
Solvents	1,019.59	833.55
Miscellaneous Chemicals	477.71	601.79
Rubber Blankets	30.87	24.74
<b>TOTAL</b>	<b>4,720.77</b>	<b>4,473.48</b>

## 32. (i) Details relating to Opening Stock, Closing Stock and Turnover of Manufactured Items:

(Rs. in Million)

	Opening Stock	Closing Stock	Sales
Printing Inks	351.06 (252.69)	341.52 (351.06)	7,220.84 (6,729.17)
Press Room Chemicals	0.77 (0.38)	0.42 (0.77)	5.57 (7.32)
Rubber Blankets	0.71 (0.72)	1.92 (0.71)	50.23 (41.14)
Lamination Adhesive*	16.57 (16.03)	6.12 (16.57)	357.85 (284.28)
<b>TOTAL</b>	<b>369.11</b> (269.82)	<b>349.98</b> (369.11)	<b>7,634.49</b> (7,061.91)

\* Processing of Lamination Adhesive was done on behalf of the Company by Valspar (India) Coatings Corporation Pvt. Ltd. (erstwhile DIC Coatings India Limited), as a job worker till 17th September 2012.

Figures within brackets relate to previous year.

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

(Rs. in Million)

Class of Goods	Opening Stock	Purchase	Sales	Closing Stock
Press Aids	15.92 (9.67)	89.12 (82.16)	86.49 (99.68)	19.29 (15.92)
Printing Inks	9.93 (12.05)	86.56 (107.56)	97.05 (119.28)	13.42 (9.93)
Chemicals	10.78 (16.92)	109.41 (96.36)	98.48 (110.42)	31.30 (10.78)
Machine	— (0.61)	0.96 (2.17)	0.53 (3.02)	— —
Others	— —	16.86 (5.75)	15.75 (6.97)	0.01 —
<b>TOTAL</b>	<b>36.63</b> (39.25)	<b>302.91</b> (294.00)	<b>298.30</b> (339.37)	<b>64.02</b> (36.63)

Figures within brackets relate to previous year.

## Additional Notes to the Financial Statements

	2012 (Rs. in Million)	2011 (Rs. in Million)
<b>33. Consumption of Stores and Spare Parts</b>		
Consumption of Stores and Spare parts debited to various heads included in Note 24 are as follows:		
(i) Repairs to Plant and Machinery	7.49	14.14
(ii) Consumption of Stores and Spares	75.30	50.06
(iii) Power and Fuel	27.93	43.69
	<u>110.72</u>	<u>107.89</u>
<b>34. Aggregate amount paid/ payable to the Auditors</b>		
(i) Audit Fees	1.50	1.10
(ii) Other Matters	1.36	1.19
(iii) Out of Pocket Expenses	0.05	0.07
(iv) Tax Audit	0.35	0.35
(v) Service Tax to the extent billed	0.41	—
	<u>3.67</u>	<u>2.71</u>
<b>35. CIF Value of Imports for</b>		
Raw Materials	1,681.67	1,625.52
Spare parts	4.06	6.63
Capital Goods	55.05	41.34
Goods traded in	210.45	224.41
<b>36. Expenditure in Foreign Currency</b>		
Royalty	94.57	86.48
Others (includes bank charges, commission and travelling)	20.34	16.75
<b>37. Details relating to Consumption</b>		
	2012	2011
	Value (Rs. in Million)	Value (Rs. in Million)
	% of Total Consumption	% of Total Consumption
(i) <b>Raw Material</b>		
Imported (at landed cost)	1,363.93	1,727.76
Indigenous	3,356.84	2,745.72
<b>Total</b>	<u>4,720.77</u>	<u>4,473.48</u>
(ii) <b>Stores and Spare Parts</b>		
Imported (at landed cost)	13.53	8.93
Indigenous	97.19	98.96
<b>Total</b>	<u>110.72</u>	<u>107.89</u>
<b>38. Amount remitted during the year in Foreign Currency on account of Dividend</b>	2012 (Rs. in Million)	2011 (Rs. in Million)
Amount Remitted - (INR)	26.34	32.93
<i>USD Value 0.47 Million (2011- USD 0.73 Million)</i>		
Year to which Dividend relates	31.12.2011	31.12.2010
Number of Non-Resident Shareholders	One	One
Number of Shares held by Non-Resident Shareholder(s) to which the Dividends are related	6,586,077	6,586,077

**Additional Notes to the Financial Statements**

	<b>2012</b> <b>(Rs. in Million)</b>	2011 <b>(Rs. in Million)</b>
<b>39. Earnings in Foreign Exchange during the year</b>		
Export of goods on FOB basis	332.42	317.50
Commission	1.42	1.62

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

	<b>2012</b> <b>(Rs. in Million)</b>	2011 <b>(Rs. in Million)</b>	2010 <b>(Rs. in Million)</b>
(a) For the purpose of Section 35(2AB) of the Income Tax Act, 1961			
Revenue Expenditure	23.63	16.50	14.81
Capital Expenditure	—	4.47	0.10
(b) Other Research and Development expenditure (Capital)	3.24	4.17	3.59
	<b>26.87</b>	<b>25.14</b>	<b>18.50</b>

**41. Related Parties disclosures**

**(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) Fellow Subsidiaries**

DIC Graphics Corporation	Fuji Label Co., Ltd.
DIC Investments Japan, LLC.	DIC Filtec, Inc.
DIC Machinery & Printer's Supplies, Inc.	Nihon Packaging Material Co. Ltd.
TOPIC.Co., Ltd.	DIC Lifetec Co.,Ltd.
Hamamatsu DIC	DIC Decor, Inc.
DIC Kyushu Polymer Co., Ltd.	DIC Interior Co., Ltd.
DIC Color Coatings, Inc.	Renaissance, Inc.
DIC Kitanihon Polymer Co., Ltd.	DIC Estate Co., Ltd.
DIC Kako Inc.	Seiko PMC Corp.
Oxirane Chemical Corp.	Tsuruga Terminals Co.
Mizushima Kasozai, Inc.	Tsuruga Chemicals Service Co.
Nippon Epoxy Resin Manufacturing Co., Ltd.	DIC Color Design, Inc.
Japan Formalin Company, Inc.	DC Katsuya Co., Ltd.
DIC Bayer Polymer Ltd.	Earthrise Nutritionals LLC
DH Material Inc.	Earthrise Holdings Inc.
Japan Fine Coatings, Inc.	DIC Holdings B.V.
SUNDIC Incorporated	DIC Performance Resins GmbH
DIC Plastics, Inc.	DIC Holdings Austria GmbH
DIC Molding, Inc.	Zhongshan DIC Colour Co., Ltd.
Techno Science, Inc.	DIC(China)Co., Ltd.
DIC EP Corporation	Hainan DIC Microalgae Co., Ltd.
YD Plastics Co., Ltd.	Qingdao DIC Finechemicals Co., Ltd.



## Additional Notes to the Financial Statements

Qingdao DIC Liquid Crystal Co., Ltd.  
P.T. Pardic Jaya Chemicals  
DIC Philippines, Inc.  
DIC (Vietnam) Co., Ltd.  
DIC Fine Chemicals Private Limited  
DIC Pakistan Ltd.  
DIC Lanka (Private) Ltd.  
DIC New Zealand Ltd  
DIC Australia Pty Ltd  
Allmake Rollers Ltd.  
Camus Water Technologies LLC  
Coates Brothers(Caribbean)Ltd.  
Sun Chemical (South Africa) (Pty.) Ltd.  
Coates Brothers(West Africa)Ltd.  
Coates Screen Inks GmbH.  
DIC Europe GmbH  
DIC Imaging Products U.S.A., LLC  
DIC International (USA), LLC  
ECG Holdings Ltd.  
Gibbon Finecal Ltd.  
Glenside Properties Limited  
Hartman d.o.o.  
Hartmann Druckfarben GmbH  
Hartmann-Sun Chemical EOOD  
Inmobiliaria Sunchem, S.A. de C.V.  
Lorilleux Maroc S.A.  
Weesp Unlimited  
Tintas S.A.  
Mondis Manufacturers Insurance Company N.V.  
New England Manufacturers Insurance Corp.  
Parker Williams Design Ltd.  
Rycoline Products, LLC  
SC Funding LLC  
SC(Puerto Rico) Ink  
Sinclair del Centro America S.A.  
Sinclair S.A.  
Sun Branding Solutions Ltd.  
Sun Chemical (Chile) S.A.  
Sun Chemical A/S  
Sun Chemical A/S (formerly:Coates Lorilleux A/S)  
Sun Chemical AB  
Sun Chemical AG  
Sun Chemical AG (S.A., Ltd.)  
Sun Chemical Albania SHPK  
Sun Chemical B.V.  
Sun Chemical Delta B.V.  
Sun Chemical Central Europe Beteiligungs GmbH  
Shanghai DIC Ink Co., Ltd.  
Shenzhen-DIC Co., Ltd.  
DIC (Shanghai) Co., Ltd.  
Changzhou Huari New Material Co., Ltd.  
Deqing DIC Synthetic Resins, Ltd.  
DIC (Guangzhou) Co., Ltd.  
Suzhou Lintong Chemical Science Corp.  
DIC Synthetic Resins (Zhongshan) Co., Ltd.  
DIC Graphics Taiyuan Co., Ltd.  
DIC Graphics (Guangzhou) Ltd.  
TOA-DIC Zhangjiagang Chemicals Co., Ltd.  
Seiko PMC (Zhangjiagang) Corp.  
DIC Zhangjiagang Chemicals Co., Ltd.  
Shenzhen DIC Chemicals Co., Ltd.  
Nantong DIC Color Co., Ltd.  
Shanghai Showa Highpolymer Co., Ltd.  
Shanghai DIC Pressure-sensitive Adhesive Materials Co., Ltd.  
Seiko PMC (Shanghai) Commerce & Trading Corp.  
DIC (Nantong) Metallic Pigment Co.,Ltd.  
Lianyungang DIC Color Co., Ltd.  
DIC Trading (HK) Ltd.  
Tien Lee Hong Co., Ltd.  
DIC Graphics (Hong Kong) Ltd.  
DIC Graphics Chia Lung Corp.  
DIC (Taiwan) Ltd.  
Lidye Chemical Co., Ltd.  
DIC Colorants Taiwan Co., Ltd.  
DIC Korea Corp.  
Aekyung Chemical Co., Ltd.  
Kangnam Chemical Co., Ltd.  
DIC korea liquid crystal co., ltd.  
DIC Alkylphenol Singapore Pte., Ltd.  
DIC Compounds (Malaysia) Sdn. Bhd.  
DIC (MALAYSIA) Sdn. Bhd.  
Bridgestone REI Komposit Sdn. Bhd.  
Samling Housing Products Sdn. Bhd.  
DIC Epoxy (Malaysia) Sdn.Bhd.  
DIC Graphics (Thailand) Co., Ltd.  
Siam Chemical Industry Co., Ltd.  
Coates Thailand Ltd.

## Additional Notes to the Financial Statements

TFE Company Ltd.	Sun Chemical Osterode Druckfarben GmbH
DIC Color (Thailand) Co., Ltd.	Coates Brothers(East Africa)Ltd.
DIC RESINS (Thailand) Co., Ltd.	Coates Brothers (Zambia) Ltd. (formerly:Coates Zambia Ltd. j
P.T. DIC Astra Chemicals	Sun Chemical Oy
PT. DIC Graphics	Sun Chemical Pigments S.L.(formerly:Coates Lorilleux S.A.)
Sun Chemical Central Europe Holding & Co KG	Sun Chemical Portugal-Tintas Graficas Ltda.
Sun Chemical Corp.	Sun Chemical Printing Ink d.o.o.
Sun Chemical de Centro America, S.A. de C.V.	Benda-Lutz Werke GmbH
Sun Chemical de Panama, S.A.	Benda-Lutz Skawina Sp. z.o.o.
Sun Chemical do Brasil Ltda.	Benda-Lutz Alpoco Sp. z.o.o.
Sun Chemical for Graphic Arts S.A.E	Benda-Lutz Volzhsky ooo
Sun Chemical Group Coöperatief U.A.	Benda-Lutz Corporation
Sun Chemical Group S.p.A.	Sun Chemical S.A.
Sun Chemical Holding B.V.	Sun Chemical S.A. de C.V.
Sun Chemical Holding GmbH	Sun Chemical S.A.S
Sun Chemical Ink Ireland	Sun Chemical s.r.l.
Sun Chemical Inks A/S	Sun Chemical Sp (z.o.o) (formerly:Sun Chemical Sp (z.o.o)(Ltd.)
Sun Chemical Inks S.A.	Sun Chemical Turkey
Sun Chemical Investments LLC	Sun Chemical Ukraine Limited
Sun Chemical Lasfelde GmbH	Sun Chemical ZAO
Sun Chemical Ltd.	Sun Chemical, d.o.o.e.l.
Sun Chemical Management, L.L.C.	Sun Chemical Holding (Hong Kong) Ltd.
Sun Chemical N.V./S.A.	Sun Chemical Trading (Shanghai) Co., Ltd.
Sun Chemical Nyomdafestek Kereskedelmi Es Gyatro KFT (Sun Chemical KFT)	Sun Chemical, S.r.o.
Sun Chemical of Michigan LLC	

(d) **Key Management Personnel**

- |                       |   |
|-----------------------|---|
| (i) Dr Prabir Kr Dutt | – Executive Chairman (upto 31st March 2012) |
| (ii) Mr Samir Bhaumik | – Managing Director                         |

## Additional Notes to the Financial Statements

### (ii) Disclosure of transactions between the Company and related parties and outstanding balances

(Rs. in Million)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods/Fixed Assets	56.25 (60.37)	166.21 (143.11)	283.13 <sup>(1)</sup> (259.08)	— (—)	505.59 (462.56)
Sale of Goods/Fixed Assets	0.02 (—)	0.10 (1.27)	88.32 <sup>(2)</sup> (58.75)	— (—)	88.44 (60.02)
Rendering of Services	1.17 (1.26)	— (—)	0.25 <sup>(3)</sup> (0.37)	— (—)	1.42 (1.63)
Royalty Paid/Payable	94.57 (46.46)	— (40.02)	— (—)	— (—)	94.57 (86.48)
Dividend Paid/Payable	— (—)	26.34 (32.93)	— (—)	— (—)	26.34 (32.93)
Remuneration Paid /Payable	— (—)	— (—)	— (—)	10.91 (17.12)	10.91 (17.12)
Expenses incurred by the Company on behalf of the group/subsidiary	— (—)	3.70 (—)	— (0.13)	— (—)	3.70 (0.13)
<b>Outstanding on account of:</b>					
Purchase of Goods	3.34 (7.05)	43.93 (68.91)	80.32 (59.48)	— (—)	127.59 (135.44)
Sale of Goods	0.06 (—)	— (—)	22.94 (34.21)	— (—)	23.00 (34.21)
Royalty	84.79 (41.89)	— (—)	— (—)	— (—)	84.79 (41.89)
Rendering of Services	— (—)	— (—)	— (0.23)	— (—)	— (0.23)
Recovery of Expenses	— (—)	3.16 (1.13)	— (—)	— (—)	3.16 (1.13)
Loans/Advances granted	— (—)	— (—)	— (2.85)	0.16 (0.24)	0.16 (3.09)
Remuneration Payable	— (—)	— (—)	— (—)	2.18 (3.72)	2.18 (3.72)

Figures within brackets relate to previous year.

- (1) Purchase from fellow Subsidiaries includes purchase from Aekyung Chemicals Co. Ltd Rs.33.93 Million (2011 - Rs.20.66 Million), Deqing DIC Synthetic Resins Ltd Rs.36.80 Million (2011 - Rs.39.34 Million), Hartman Drukfarben GmBH Rs. 42.38 Million (2011- Rs. 51.90 Million) and Nantong DIC Color Co. Ltd. Rs. 71.49 Million (2011- Rs. 70.22 Million).
- (2) Sale to fellow Subsidiaries includes sales to DIC Australia Pty Ltd. Rs. 50.72 Million (2011- Rs.29.26 Million), DIC Lanka (Pvt) Ltd. Rs. 12.04 Million (2011- Rs. 12.55 Million), Sun Chemicals S.A./N.V.(Ink Division) Rs.13.47 Million (2011 - Rs. 5.92 Million) and Sun Chemicals Zao Rs. 11.83 Million (2011- Rs. 7.67 Million).
- (3) Rendering of services to fellow Subsidiary includes services rendered to Sun Chemicals NV Rs. 0.25 Million (2011 - Rs. 0.23 Million)

## Additional Notes to the Financial Statements

## 42. Segmental Reporting

Information about Primary Business Segments

(Rs. in Million)

	Printing Ink		Adhesive		Total	
	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>						
External Sales	6,802.14	6,487.18	321.72	260.37	7,123.86	6,747.55
<b>Total Revenue</b>	<b>6,802.14</b>	<b>6,487.18</b>	<b>321.72</b>	<b>260.37</b>	<b>7,123.86</b>	<b>6,747.55</b>
<b>RESULTS</b>						
Segment/Operating Results	367.72	444.77	31.91	18.59	399.63	463.36
Unallocable Expenses	—	—	—	—	(31.12)	(39.85)
Unallocable Income	—	—	—	—	0.45	0.39
Finance Costs	—	—	—	—	(54.04)	(42.00)
Provision for Tax (including Deferred Tax)	—	—	—	—	(99.97)	(117.39)
<b>Net Profit</b>	<b>367.72</b>	<b>444.77</b>	<b>31.91</b>	<b>18.59</b>	<b>214.95</b>	<b>264.51</b>
<b>OTHER INFORMATION</b>						
Segment Assets	3,976.98	3,679.66	382.44	293.82	4,359.42	3,973.48
Un-allocable Assets	—	—	—	—	189.36	284.06
<b>Total Assets</b>	<b>3,976.98</b>	<b>3,679.66</b>	<b>382.44</b>	<b>293.82</b>	<b>4,548.78</b>	<b>4,257.54</b>
Segment Liabilities	1,187.78	1,195.82	40.83	24.42	1,228.61	1,220.24
Un-allocable Liabilities and Provisions	—	—	—	—	488.82	378.22
<b>Total Liabilities</b>	<b>1,187.78</b>	<b>1,195.82</b>	<b>40.83</b>	<b>24.42</b>	<b>1,717.43</b>	<b>1,598.46</b>
Depreciation and Amortisation	94.30	85.37	6.60	2.87	100.90	88.24
<b>Total Depreciation</b>	<b>94.30</b>	<b>85.37</b>	<b>6.60</b>	<b>2.87</b>	<b>100.90</b>	<b>88.24</b>
Capital Expenditure including CWIP	173.11	93.23	51.74	122.21	224.85	215.44
Non Cash Expenditure other than Depreciation	3.34	13.70	—	—	3.34	13.70

Notes:

- 1 The Company has considered business segment as the primary segment for disclosure. The components of this business segment is Printing Inks and Adhesives.
- 2 The Segment wise revenue, results, assets and liabilities relate to the respective amounts directly identifiable to each of the segments. Unallocable income/ expenditure refers to income/ expenditure incurred on common services at corporate level.

## Additional Notes to the Financial Statements

### 43. Disclosures required under Accounting Standard 15 (Revised) - "Employee Benefits"

Amount recognised in the Balance Sheet are as follows:

(Rs. in Million)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present Value of Defined Benefit obligation	<b>2012</b>	<b>50.18</b>	<b>84.99</b>	<b>5.81</b>
	2011	73.06	86.30	5.83
	2010	75.15	82.07	5.92
	2009	83.31	51.57	6.19
	2008	86.88	45.34	4.35
Fair Value of Plan Assets	<b>2012</b>	<b>68.62</b>	<b>88.96</b>	—
	2011	98.39	83.50	—
	2010	105.50	65.77	—
	2009	101.63	47.90	—
	2008	107.40	45.90	—
Present Value of Unfunded Obligation	<b>2012</b>	<b>18.44</b>	<b>3.97</b>	<b>(5.81)</b>
	2011	25.33	(2.80)	(5.83)
	2010	30.35	(16.30)	(5.92)
	2009	18.32	(3.67)	(6.19)
	2008	20.52	0.56	(4.35)
Net Asset / (Liability)	<b>2012</b>	<b>18.44</b>	<b>3.97</b>	<b>(5.81)</b>
	2011	25.33	(2.80)	(5.83)
	2010	30.35	(16.30)	(5.92)
	2009	18.32	(3.67)	(6.19)
	2008	20.52	5.59	(4.35)
Experience Adjustments of Plan Assets, Gain/(Loss) during the year	<b>2012</b>	<b>(2.35)</b>	<b>0.18</b>	—
	2011	(2.74)	(2.08)	—
	2010	7.90	2.71	—
	2009	—	—	—
	2008	—	—	—
Experience Adjustments of Obligations, (Gain)/Loss during the year	<b>2012</b>	<b>1.87</b>	<b>1.78</b>	<b>0.15</b>
	2011	(4.99)	(0.81)	0.70
	2010	(5.06)	27.06	0.02
	2009	—	—	—
	2008	—	—	—

Amount recognised in the Statement of Profit & Loss are as follows:

(Rs. in Million)

	Year	Pension	Gratuity	Retirement Benefit
Current Service cost	<b>2012</b>	—	<b>4.97</b>	<b>0.17</b>
	2011	—	5.23	0.19
Interest cost	<b>2012</b>	<b>5.23</b>	<b>7.09</b>	<b>0.49</b>
	2011	6.07	6.50	0.44
Expected Return on Plan Assets	<b>2012</b>	<b>(7.29)</b>	<b>(7.42)</b>	—
	2011	(8.19)	(6.00)	—
Actuarial Loss/(Gain)	<b>2012</b>	<b>4.23</b>	<b>1.60</b>	<b>0.15</b>
	2011	(2.27)	1.28	0.40
Curtailment cost	<b>2012</b>	—	—	—
	2011	—	—	—
Past service cost	<b>2012</b>	—	—	—
	2011	—	—	—
<b>Total</b>	<b>2012</b>	<b>2.17</b>	<b>6.24</b>	<b>0.81</b>
	2011	(4.39)	7.01	1.03

## Additional Notes to the Financial Statements

### Reconciliation of Opening and Closing balances of the Present Value of Defined Benefit obligations (Rs. in Million)

	Year	Pension	Gratuity	Retirement Benefit
Opening Defined Benefit obligation	<b>2012</b>	<b>73.06</b>	<b>86.30</b>	<b>5.83</b>
	2011	75.15	82.07	5.92
Current Service cost	<b>2012</b>	<b>—</b>	<b>4.97</b>	<b>0.17</b>
	2011	—	5.23	0.19
Interest cost	<b>2012</b>	<b>5.23</b>	<b>7.09</b>	<b>0.49</b>
	2011	6.06	6.50	0.44
Actuarial Loss/(Gain)	<b>2012</b>	<b>1.87</b>	<b>1.77</b>	<b>0.15</b>
	2011	(4.99)	(0.81)	0.41
Curtailment cost	<b>2012</b>	<b>—</b>	<b>—</b>	<b>—</b>
	2011	—	—	—
Plan Amendments	<b>2012</b>	<b>—</b>	<b>—</b>	<b>—</b>
	2011	—	—	—
Benefit paid	<b>2012</b>	<b>(29.98)</b>	<b>(15.14)</b>	<b>(0.83)</b>
	2011	(3.16)	(6.69)	(1.13)
<b>Closing Defined Benefit obligation</b>	<b>2012</b>	<b>50.18</b>	<b>84.99</b>	<b>5.81</b>
	2011	73.06	86.30	5.83

### Reconciliation of Opening and Closing balances of the fair Value of Plan Assets (Rs. in Million)

	Year	Pension	Gratuity	Retirement Benefit
Opening fair value of Plan Assets	<b>2012</b>	<b>98.39</b>	<b>83.50</b>	<b>—</b>
	2011	105.50	65.77	—
Expected Return on Plan Assets	<b>2012</b>	<b>7.29</b>	<b>7.42</b>	<b>—</b>
	2011	8.19	6.00	—
Actuarial Gain/ (Loss)	<b>2012</b>	<b>(2.35)</b>	<b>0.18</b>	<b>—</b>
	2011	(2.74)	(2.08)	—
Contribution by employer	<b>2012</b>	<b>(4.73)</b>	<b>13.00</b>	<b>0.83</b>
	2011	(9.40)	20.50	1.13
Benefit paid	<b>2012</b>	<b>(29.98)</b>	<b>(15.14)</b>	<b>(0.83)</b>
	2011	(3.16)	(6.69)	(1.13)
Closing Fair Value of Plan Assets	<b>2012</b>	<b>68.62</b>	<b>88.96</b>	<b>—</b>
	2011	98.39	83.50	—

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

	Year	Pension	Gratuity
Govt. of India Securities	<b>2012</b>	<b>34%</b>	<b>13%</b>
	2011	29%	16%
PSU Bonds / State Securities	<b>2012</b>	<b>12%</b>	<b>1%</b>
	2011	18%	2%
Corporate Bonds	<b>2012</b>	<b>9%</b>	<b>12%</b>
	2011	2%	—
Insurance Managed Funds	<b>2012</b>	<b>45%</b>	<b>74%</b>
	2011	51%	82%
<b>Total</b>	<b>2012</b>	<b>100%</b>	<b>100%</b>
	2011	100%	100%

## Additional Notes to the Financial Statements

### Principal Actuarial Assumptions Used:

		2012	2011
Discount Rates		8.40%	9.00%
Expected Rate of Return on Plan Assets		9.00%	8.25%
Expected salary increase rates	For Management Staff	5% and NIL for pension	7% and NIL for pension
	For Unionised Staff	4% and NIL for pension	4% 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.

In terms of the Guidance on implementing Accounting Standard 15 on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India, the Provident Fund set up by Company is a Defined Benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest. Unlike previous year, consequent upon issuance of Guidance Note by the Institute of Actuaries of India in 2011-12, actuarial valuation of Provident Fund as at the year end has been done under the Deterministic Method and the resultant charge was Rs.NIL. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	2012	2011
Discount rates	8.40%	*
Expected yield on Plan Assets	9.34%	*
Guaranteed Interest Rate	8.60%	*

\* This being the first year of valuation, previous year figures are not available

During the year the Company has charged the following amounts to the Statement of Profit and Loss for Defined Contribution plan:

	2012 (Rs. in Million)	2011 (Rs. in Million)
(i) Provident Fund:	13.75	22.19
(ii) Pension Fund	14.69	14.17

#### 44. Earnings per Share (Basic and Diluted)

Particulars		2012	2011
Profit/(Loss) after Tax (Rs. in Million)	(A)	214.95	264.51
Number of Share	(B)	9,178,977	9,178,977
Nominal Value of Share (Rs.)		10.00	10.00
Earnings per Share	(A)/(B)	23.42	28.82

#### 45. Note on Changes in Accounting Policy

With effect from 1st April 2012 the Company has changed the basis of valuation of all categories of Inventory except for Stores and Spare parts from Weighted Average Cost to First in First out (FIFO) basis. If the Company would have valued the same under Weighted Average Cost method, the profit for the year and carrying amount of Inventory would have been higher by Rs.4.83 Million.

#### 46. Previous Year Figures

The financial statements for the year ended 31st December 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st December 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

## Additional Notes to the Financial Statements

### Note 47

#### 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 Accounting

Financial statements are prepared in accordance with the historical cost convention.

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set in revised Schedule VI to the Companies Act, 1956 based on the nature of products and the time between the acquisition of assets for processing and the realization in cash and cash equivalents.

##### TANGIBLE ASSETS

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

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

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

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, is recognised as an expense in the Statement of Profit and Loss.

##### INTANGIBLE ASSETS

Intangible assets (not internally generated) 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.



## **Additional Notes to the Financial Statements**

### **ASSETS ACQUIRED UNDER LEASE**

For assets acquired under operating lease, rentals payable are charged to the Statement Profit and Loss.

### **INVENTORIES**

Inventories are valued at the lower of cost and net realizable value.

Cost comprise of all cost of purchase and other cost incurred in bringing the inventories to their present location and condition. In determining the cost, the FIFO method is used for all categories of inventories except Stores and Spare parts.

In respect of finished goods / intermediates, cost includes relevant overheads calculated on bases appropriate to the business carried on by the Company.

Stores and Spare parts are valued at weighted average cost.

### **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 Statement of Profit and Loss and calculated as the difference between the net proceeds realised and the book value. Dividends are accounted for in the year in which it is received.

### **EMPLOYEE BENEFITS**

- a) Contribution to Superannuation Fund are recognized in the Statement of Profit and Loss on accrual basis. Contribution to Superannuation scheme are made to a separate fund administered by an Insurance Company.
- b) Defined Benefit Plan-
  - i. Gratuity – The Company provides for Gratuity, a Defined Benefit plan covering the eligible employees in accordance with the Payment of Gratuity Act, 1972 .The Company's liability is actuarially determined using the Projected Unit Credit (PUC) method at the end of each year.
  - ii. Pension – The Company has discontinued the Defined Pension Benefit scheme with effect from 1st May 2009 and all the employees who were erstwhile member of the Defined Pension benefit scheme has been brought under the Defined Contribution scheme for benefit provisions under the Pension plan. The present value of benefit obligation is actuarially determined using the PUC method at the end of each year by discounting the present value of crystallized pension as at 30th April 2009.
  - iii. Retirement Benefit – Liability accrued during the year in respect of retirement/ terminal benefit payable to certain employees governed by agreement with the Union representing them are treated as a defined benefit plan . The Company's liability is actuarially determined using the PUC method at the end of each year.
  - iv. Leave Encashment – Liability accrued upto the close of the year for encashment of leave not availed by certain categories of employees as stipulated in their respective terms of employment are treated as a defined benefit plan . The Company's liability is actuarially determined using the PUC method at the end of each year.
  - v. Trust Administered Provident Fund — 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. Any interest shortfall are actuarially determined using the deterministic method at the end of the year and provided for in the accounts, however contribution for the shortfall are made good by the Company on a year to year basis.

Acturial gains and losses are recognized in the Statement of Profit & Loss in the year in which they arise.
- c) As per service rules, part of the leave accrued during the year, which cannot be accumulated are accounted for on accrual basis and charged to Statement of Profit and Loss as short term benefit.
- d) Terminal benefits are recognized as expense as and when incurred.

## Additional Notes to the Financial Statements

### SALES

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

### TRANSACTIONS IN FOREIGN CURRENCIES

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

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

### BORROWING COST

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 TAXES ON INCOME

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.

### RESEARCH AND DEVELOPMENT

Revenue expenditure incurred on Research and Development is charged to revenue. Capital expenditure incurred for Research and Development is included under Fixed Assets

Signatures to Notes 1 to 47

On behalf of the Board

**Dr Prabir Kr Dutt**

*Chairman*

**Samir Bhaumik**

*Managing Director*

**Timir Baran Chatterjee**

*Senior Executive Vice President*

*(Corporate Affairs and Legal) &*

*Company Secretary*

For **Lovelock and Lewes**

*Firm Registration Number - 301056E*

*Chartered Accountants*

**Sunit Kumar Basu**

*Partner*

Membership Number: 55000

Kolkata, 4th February 2013

**Sandip Chatterjee**

*Chief Finance Officer*

Kolkata, 4th February 2013

# Cash Flow Statement

For the period ended 31st December 2012

	Year ended 31st December 2012	Year ended 31st December 2011
<b>A. Cash Flow from Operating Activities</b>		
Net profit before Interest, Tax and Extraordinary items	368.30	422.81
Adjustments for :		
Add : Depreciation & Amortisation	100.90	88.24
Fixed Assets written off	0.38	1.96
Bad Debt written off	4.23	8.93
Provision for Bad & Doubtful debts	—	2.81
Unrealised Loss (+) on Foreign Currency	3.05	8.23
Loss on sale of Fixed Assets	0.14	—
Provision for Wealth Tax	0.24	0.22
Less : Profit on sale of Fixed Assets	—	(5.84)
Interest Income	(0.45)	(0.39)
Unrealised Gain(-) on Foreign Currency	—	(0.98)
Employee Benefits Scheme	(9.22)	(5.49)
Liability no longer required written back	(2.55)	(2.10)
Provision for Doubtful debts written back	(1.26)	(0.03)
<b>Operating Profit before Working Capital Changes</b>	<b>463.76</b>	<b>518.37</b>
Decrease / (Increase) in Trade and other Receivables	(144.66)	(330.92)
Decrease / (Increase) in Inventories	(110.12)	(180.91)
Increase / (Decrease) in Trade Payables & other Liabilities	(67.95)	240.21
<b>Cash generated from Operations</b>	<b>141.03</b>	<b>246.75</b>
Less : Payment of Direct taxes	(108.91)	(117.15)
Less : Payment of Wealth taxes	(0.24)	(0.21)
<b>Net Cash from Operating Activities</b>	<b>31.88</b>	<b>129.39</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(144.19)	(193.33)
Sale of Fixed Assets	1.85	6.53
Interest received	0.45	0.39
<b>Net Cash flow used in Investing Activities</b>	<b>(141.89)</b>	<b>(186.41)</b>

## Cash Flow Statement (Contd.)

	Year ended 31st December 2012	Year ended 31st December 2011
<b>C. Cash Flow from Financing Activities</b>		
Net Increase / (Decrease) in Bank Borrowings	(16.66)	12.24
Acceptance of Short Term Loan from Bank	8,800.00	8,070.00
Repayment of Short Term Loan from Bank	(8,670.00)	(7,970.00)
Interest paid	(52.19)	(37.95)
Dividends paid including Dividend Tax	(42.61)	(53.23)
<b>Net Cash flow from Financing Activities</b>	<b>18.54</b>	<b>21.06</b>
<b>Net decrease in Cash and Cash Equivalents (A + B + C)</b>	<b>(91.47)</b>	<b>(35.96)</b>
<b>Cash and Cash Equivalents ( Opening balance)</b>	<b>140.48</b>	<b>176.44</b>
<b>Cash and Cash Equivalents ( Closing balance) (Refer Note 15)</b>	<b>49.01</b>	<b>140.48</b>

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

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

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

**For Lovelock and Lewes**  
*Firm Registration Number - 301056E*  
*Chartered Accountants*  
**Sunit Kumar Basu**  
*Partner*  
 Membership Number: 55000  
 Kolkata, 4th February 2013

**Sandip Chatterjee**  
*Chief Finance Officer*  
 Kolkata, 4th February 2013

On behalf of the Board  
**Dr Prabir Kr Dutt**  
*Chairman*  
**Samir Bhaumik**  
*Managing Director*  
**Timir Baran Chatterjee**  
*Senior Executive Vice President*  
*(Corporate Affairs and Legal) & Company Secretary*  
 Kolkata, 4th February 2013

# NOTES

# NOTES

# 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

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### NOIDA

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### AHMEDABAD

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Fax : (079) 2583 5706

### BANGALURU

66A, Bommasandra Industrial Area  
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Telefax : (080) 2783 1874

## SALES DEPOTS & OFFICES

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F-58, Industrial Estate  
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Bangaluru - 560 044, Karnataka  
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Fax : (080) 2311 3478

### HYDERABAD

Plot No. B-7, IDA,  
Uppal,  
Hyderabad- 500 039, Andhra Pradesh  
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### DELHI

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