



DAI-ICHI

**49th ANNUAL REPORT
2008-2009**

DAI-ICHI KARKARIA LIMITED

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Board of Directors:

Mr. D. M. Neterwala	<i>Chairman</i>
Mrs. S. F. Vakil	<i>Vice-Chairperson & Managing Director</i>
Mr. J. H. C. Jehangir	
Mr. A. H. Jehangir	
Mr. K. D. Patel	
Dr. Anil M. Naik	
Dr. K. R. Bharucha	
Mr. Jimmy Bilimoria	
Mrs. Kavita Thadeshwar	<i>Company Secretary</i>

Bankers:

Bank of India
The Saraswat Co-operative Bank Ltd.

Auditors:

Deloitte Haskins & Sells.
Chartered Accountants, Mumbai

Solicitors:

Bharucha & Partners

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400020.

Works:

- 105th Milestone, Mumbai-Pune Marg,
P.O. Kasarwadi, Pune 411034.
- Kurkumbh Industrial Area, Plot No. D-13,
Village Kurkumbh, Tal. Daund, Dist. Pune.

Registrars and Transfer Agents:

Sharex Dynamic (India) Private Ltd.
Unit 1, Luthra Industrial Premises,
Andheri-Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072
Tel: 2851 5606/2851 5644



NOTICE

NOTICE is hereby given that the Forty-Ninth Annual General Meeting of the Members of **DAI-ICHI KARKARIA LIMITED** will be held on Wednesday, the 9th day of September 2009 at 11.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 023 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Directors' Report and Auditors' Report thereon.
2. To declare a dividend for the year ended 31st March 2009.
3. To appoint a Director in place of Mr. D. M. Neterwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. H. Jehangir, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as agreed upon by the Board of Directors and the Auditors.

Special Business

6. To consider and, if thought fit, to pass with or without modification (s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT consent of the Company be and is hereby accorded under Section 293 (1) (e) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for contributing, subscribing or otherwise assisting or granting money to charitable, benevolent, religious, scientific, national, public or other funds/ institutions not directly relating to the business of the Company or the welfare of its employees upto an amount of Rs. 15,00,000/- (Rupees Fifteen Lakhs) in any financial year notwithstanding that such amounts may exceed 5% of the Company's average net profit, as determined in accordance with the provisions of sections 349 and 350 of the Companies Act, 1956, during the immediately preceding three financial years.

By Order of the Board
For Dai-ichi Karkaria Ltd.

Kavita Thadeshwar
Company Secretary

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.

Place : Mumbai

Date : 29th June, 2009

NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (2) An Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the Annual General Meeting is annexed.
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from September 4, 2009 to September 9, 2009 (both days inclusive) in connection with the Annual General Meeting.
- (4) Subject to provisions of Section 206A of the Companies Act, 1956, dividend as recommended by the Directors if declared at the meeting, will be payable to those Members whose names appear on the Register of Members as on 9th September, 2009. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Ltd. and Central Depository Services (I) Ltd. for this purpose as on 3rd September, 2009.
- (5) As regards payment of dividend through Electronic Clearing Services (ECS), Members holding shares in physical forms are advised to submit particulars of their bank account viz., name and address of the branch of bank, 9 digit MICR code of the branch, type of account and account number to the company's share transfer agent M/s. Sharex (India) Pvt. Limited. Members holding shares in the demat form are advised to inform particulars of their bank accounts to their respective depositories participants.
- (6) Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, dividend for the financial year ended 31st March, 2002 and thereafter which remains unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Shareholders who have not claimed or encashed their dividend warrants for the financial year 2002 and subsequent years are therefore requested to approach the Company in writing with their folio numbers to facilitate payment.
- (7) Members whose shareholding is in physical mode are requested to immediately notify any change in their addresses to M/s. Sharex Dynamic (India) Pvt. Ltd. at Unit-1, Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 001 and members whose shareholding is in electronic mode are requested to direct change of their address notification and updations of saving bank accounts details to their respective Depository Participants.
- (8) The Shareholders desiring any information as regards Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- (9) Members/proxies are requested to bring duly filled Attendance slips and their copies of annual report along with them as copies of the Report will not be distributed at the meeting.
- (10) In terms of clause 49 of the listing agreement, the information relating to directors retiring by rotation and seeking re-appointment is as under:

Mr. D. M. Neterwala:

Brief resume and nature of expertise:

Mr. Neterwala is a Civil Engineer. He is an eminent businessman heading the Neterwala Group of Companies and a renowned Entrepreneur. Mr. D. M. Neterwala has more than five decades of experience in leading diverse industries in the country.

Mr. Neterwala holds 1,66,500 equity shares of the Company. Apart from Dai-ichi Karkaria Ltd., Mr. D. M. Neterwala holds directorship of the following companies:

Sr. No.	Name of the Company	Designation
1.	Uni Abex Alloys Products Limited	Chairman Emeritus
2.	Universal Ferro & Allied Chemicals Limited	Chairman
3.	Chemical & Ferro Alloys Pvt. Limited	Chairman
4.	Uni Deritend Limited	Chairman
5.	Anosh Finance & Investments Limited	Chairman
6.	Unitel Finance & Investments Pvt. Ltd.	Chairman
7.	Indian Oxides & Chemicals Ltd.	Chairman
8.	Baker Oil Treating (India) Limited [w.e.f. 22nd May, 2009 – Basic Oil Treating (India) Ltd.]	Chairman
9.	Uni Klinger Limited	Chairman
10.	Performance Polymers and Chemicals Pvt. Limited	Chairman
11.	Dai-ichi Gosei Chemicals (India) Limited	Chairman
12.	Oil Field Instrumentation (India) Limited	Chairman
13.	Netel (India) Limited	Chairman
14.	Neterwala Consulting & Corporate Services Ltd.	Director
15.	Norinco Private Limited	Director
16.	Manoir Petro India Ltd.	Director

He is a member of the following Board Committees:

Sr. No.	Name of the Company	Committee	Designation
1.	Dai-ichi Karkaria Ltd.	Shareholders/ Investors Grievance/ Share Transfer Committee	Chairman
2.	Uni Abex Alloy Products Ltd.	Shareholders/ Investors Grievance/ Share Transfer Committee	Chairman
3.	Netel (India) Ltd.	Audit Committee	Member
4.	Oil Field Instrumentation (I) Ltd.	Audit Committee	Member
5.	Uni Deritend Ltd.	Audit Committee	Member

Mr. D. M. Neterwala and Mrs. S. F. Vakil are related being Father and Daughter.

No Director other than Mr. D. M. Neterwala and Mrs. Vakil (being related) are concerned/interested in this resolution.

Mr. A. H. Jehangir:

Brief resume and nature of expertise:

Mr. A. H. Jehangir is a Commerce Graduate and is one of the promoters of the Company. He is a Director of the Company since 1986. Mr. Jehangir has experience of more than 20 years in investment business.

Mr. Adi Jehangir holds 100 equity shares of the Company. Apart from Dai-ichi Karkaria Ltd. Mr. Jehangir holds directorship of the following companies:

Sr. No	Name of the Company	Designation
1.	Cowhill Trading Company	Chairman
2.	Amerado Trading Company	Chairman
3.	Goodearth Trading Company	Chairman
4.	Cannadel Trading Company	Director
5.	Cowasjee Jehangir Trading Company	Director
6.	Wild Flower Company	Director

He is a member of the following Board Committees:

Sr. No.	Name of the Company	Committee	Designation
1.	Dai-ichi Karkaria Ltd.	1. Audit Committee 2. Shareholders/ Investors Grievance/ Share Transfer Committee	Member Member

Mr. A. H. Jehangir and Mr. J. H. C. Jehangir are related being brothers.

No Director other than Mr. A. H. Jehangir and Mr. J. H .C. Jehangir (being related) are concerned/interested in this resolution.

The Directors recommend the Resolutions for members' approval.

ANNEXURE TO THE NOTICE

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

Pursuant to Section 293 (1) (e) of the Companies Act, 1956, the Board of Directors of the Company are authorised to contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will in any financial year, not exceed Rs. 50,000/- or 5% of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater. In view of the social obligations which your Company assumes, it is proposed to authorise the Board of Directors to contribute, subscribe or otherwise assist charitable, benevolent, religious, scientific, national, public or other funds/institutions not directly relating to the business of the Company or to welfare of its employees upto a limit of Rs. 15,00,000/- (Rupees Fifteen Lakhs) in any financial year.

The Board of Directors recommends the resolution for the approval of the members.

None of the Directors of the Company are interested/concerned in the resolution under item no. 6 of the Notice.

By Order of the Board
For Dai-ichi Karkaria Ltd.

Kavita Thadeshwar
Company Secretary

Registered Office:

Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.

Date: 29th June, 2009



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Forty-ninth Annual Report together with the audited accounts for the year ended March 31, 2009.

1. FINANCIAL RESULTS:

In spite of the challenging market scenario as a result of the slow down and global recession, the Company was able to achieve reasonable growth in the sales turnover, of 10.5% against the last year.

Operational Performance	2009 (Rs. in millions)	2008 (Rs. in millions)
Sales	572.60	518.17
PBDIT (including exceptional items)	97.81	39.5
EPS (Rs.)	11.36	2.09
Book Value of Shares (Rs.)	73.28	64.14

2. DIVIDEND:

The Directors have recommended a dividend of Rs. 1.20/- per equity share and a special dividend of Re. 0.70/- per equity share (in view of exceptional income received during the year), aggregating to Rs. 1.90/- per equity share, having face value of Rs. 10/- each, for the year ended 31st March 2009. The dividend payout will aggregate to Rs. 144.45 lacs and the tax on distributable profits payable by the Company would amount to Rs. 24.55 lacs.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE & DEVELOPMENT: OPPORTUNITIES AND THREATS, RISKS AND CONCERNS

The Company's products fall in one Reportable Business Segment, viz. Specialty Chemicals.

The Indian Chemical Industry contributes in great part to the industrial and economic growth of the country. In fact it is considered one of the fastest growing Industries in India, in spite of its highly fragmented nature. From U.S. \$. 30 Billion in 2005, the Indian Chemical Industry is worth U.S. \$. 43 Billion today.

The Indian Specialty Chemical Industry meets the diversified needs and demands of a growing society, and is estimated to be around U.S. \$. 12 Billion.

Presently due to the global melt down, the Chemical Industry worldwide is passing through a recessionary trend. However, it is believed that the slow down may not impact the Indian demand for too long. The Indian market is huge and still underdeveloped. In addition, due to our low cost labour and R&D and technical skills, there are opportunities in the global markets, that are looking at cheaper sources to fight the recessionary trend.

However, in spite of the fact that the Specialty Chemical Industry is knowledge-intensive and extremely dependent on innovative performance based solutions, it is facing serious cost pressures, and profit margins remain under pressure.

With crude prices having reached unprecedented highs in mid 2008 the Industry faced serious price volatility of feed stocks resulting in demand being impacted, and a build up of inventories.

Subsequently the sudden fall in crude oil prices resulted in a huge correction in petrochemical prices. The resulting situation from earlier inventory build ups and reduction of global demand has adversely impacted the operational results of the Company in the third Quarter. However, the Company's continued emphasis on service and customer focus, and its insistence on quality first, resulted in renewed business in the last quarter of the year.

Sector-wise Performance Outlook:

The Company's focus continues in the areas of Textiles, Paints, Oil Field and Paper Sectors. Though the Textile Sector has shown slower growth resulting from reduction in textile exports (on account of lowered demand from Europe and the U.S.) the Company has managed to grow by 45% in this area. This is mainly on account of introduction of newer value added products in the market and investment in focused manpower for this area.

The Spin Finish business, which is the Company's core strength, saw a surge and was greatly enabled by the falling rupee that restricted imports, especially from Japan where the Yen remained strong. The Company has now established its products with all the major Polyester Plants in the country.

The Company has focused on its distributorship with a multinational Coatings Company and is hopeful to achieve volume business in the area of Technical Textiles.

In the area of Paints, the Company has added new customers from the organized sector, and the initial set back faced in the first half of the year has been partially made up in the last Quarter. The Company consolidated its market share in the Domestic Pigment Dispersion Industry & has started exporting products developed for this industry.

Besides coatings, the Company ventured into the growing construction industry by launching admixture for ready-mix concrete. The initial product trials are promising & some consolidation is expected in the coming year.

Flow improvers for automotive lubricants will be a focus area for exports in the coming year.

In the Oil Field Chemicals, the Company continues to support its subsidiary with innovative performance based solutions based on the changing nature of the customers' requirements.

Exports continued to grow in spite of the global recession due to the Company's focus on niche Specialty business, in addition to the softening of the Rupee. Exports have doubled in 2008-09.

Financials:

The Company has no long term borrowings and is now a zero debt company having paid back Rs. 393.82 lacs in working capital debt to the Banks.

Funds which are surplus to the operational needs of the Company have been invested after advice and consideration in safe debt instruments with reasonable returns.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate system of internal controls in all business spheres of its activities which are commensurate with the size and the nature of its business. It ensures adequate protection of the Company's resources, provision of accurate and speedy financial statements and reports, and compliance with the Company policies and procedures and other statutory and legal obligations. The internal control is supplemented by effective and independent internal audit being carried out by M/s. B. K. Khare & Co., Chartered Accountants. The Management regularly reviews the findings of the Internal Auditors and effective steps to implement any suggestions/observations of the Internal Auditors are taken and mentioned regularly. In addition, the Audit Committee of the Board regularly addresses significant issues raised by the Internal and the Statutory Auditors.



MATERIAL DEVELOPMENTS ON HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company believes that motivated employees are the most important resource for the Company to attain business growth and retain customers. Development and harmonization of the knowledge and skills of the employees have gone a long way in fulfilling the organizational goal of delivering the best value to the Customers and honouring the mission of optimizing the performance of our customers processes – time and time again.

Cordial relations were maintained throughout the year. The Company has initiated many steps in the career and personality development of the employees belonging to different departments. The employees attend various seminars /workshops to enhance their skills and knowledge.

As on 31st March 2009, the total number of employees on the payrolls of the Company at all the locations was 268.

CAUTIONARY NOTE:

Certain statements in the Management and Discussion Analysis Section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook.

4. BUY BACK OF EQUITY SHARES:

The Board of Directors of the Company at its meeting held on 28th April 2009 had approved buy back upto 5,90,000 of its fully paid-up equity shares of the face value of Rs. 10/- each at a price not exceeding Rs. 36/- per Equity Share payable in cash, for an aggregate amount not exceeding Rs. 212.40 lacs being 4.42% of the aggregate of the Company's total paid-up equity capital and free reserves of Rs. 4,802 lacs as on March 31, 2008 . The minimum number of Equity Shares which would be bought back under the Buyback is 2,25,000.

The Buyback commenced from 25th May 2009. Upto 29th June 2009, the Company had bought back 12,603 equity shares from open market through Stock Exchange at an average price of Rs. 34.06/- per share.

5. SUBSIDIARY COMPANIES:

- (i) Basic Oil Treating (India) Ltd. (formerly known as Baker Oil Treating (India) Ltd.) – Wholly owned subsidiary

On 18th February 2009, the Joint Venture of the Company with Baker Production Services (UK) Ltd., (BPS) in relation to its Subsidiary Company, Baker Oil Treating (India) Ltd. (BOTI) was terminated by mutual consent.

As per consent terms dtd. 18th February 2009 between the Company and BPS. and Ors., BOTI has become a wholly owned subsidiary of the Company and the name of BOTI was changed to Basic Oil Treating (India) Ltd. w.e.f. 22nd May 2009.

The Company has received a sum of US\$ 1.25 million as per the said consent terms. Further sum of US\$ 0.25 million is receivable on account of change in the name of the Company by deleting reference to the word 'Baker'.

- (ii) As required under Section 212 of the Companies Act 1956, the audited statements of accounts alongwith the report of the Board of Directors of the Company's subsidiaries, Basic Oil Treating (India) Ltd. and Dai-Ichi Gosei Chemicals (India) Limited and respective Auditor's Report thereon for the year ended March 31, 2009 are annexed.

6. FIXED DEPOSITS:

The Company has discontinued its fixed deposit scheme during the financial year 2007 -2008. Fixed Deposits amounting to Rs. 41.32 lacs are repaid during the year 2008-09. Out of the fixed deposits totaling to Rs. 23 Lacs as at 31st March 2009, deposits amounting to Rs. 7.38 lacs which matured, have not been claimed by the depositors on the said date.

7. DIRECTORS:

Mr. D. M. Neterwala and Mr. A. H. Jehangir retire from the Board of Directors by rotation, in pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company. Being eligible for reappointment, they have offered themselves for re-appointment.

The information required to be furnished under clause 49 of the Listing Agreement is given in the Notice of the 49th Annual General meeting.

The Board of Directors recommends their re-appointment.

8. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956:

- (a) There are no employees other than the Managing Director covered under the purview of Section 217(2A) of the Companies Act, 1956 and the rules framed there under.
- (b) The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the annexure to this Report.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and have made judgments 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 March 31, 2009, and of the profit of the Company for the period April 1, 2008 to March 2009;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

10. CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreement of the Bombay Stock Exchange Limited with which the Company is listed are complied with. A separate report on Corporate Governance is attached as a part of the Annual Report along with the Auditors' statement on its compliance.

11. LISTING:

The Equity Shares of your company are presently listed on The Bombay Stock Exchange Ltd. and the Company has paid the annual listing fees for the financial year 2009-2010.



12. RELATED PARTY DISCLOSURES:

The Company has made disclosures in compliance with the Accounting Standard on Related Party Disclosures as required by clause 32 of the Listing Agreement of The Bombay Stock Exchange Ltd.

13. CONSOLIDATED ACCOUNTS:

The Company has also published the consolidated financial statements in respect of the Company and its subsidiary as required by clause 32 of the Listing Agreement of The Bombay Stock Exchange Ltd.

14. HEALTH, SAFETY & ENVIRONMENT:

Safety, Health & Environment protections continue to remain one of the priority areas of the Company. The Company continues to put special emphasis on environmental, health and safety from conception and design of new products, optimization of process, to commercial manufacturing and delivery of goods to the customers.

(a) HEALTH:

A special committee ensures good sanitation and hygienic working conditions in the plants and canteen. Medical examination of all employees is done annually and six monthly medical examinations are conducted for employees who are working in Hazardous areas.

(b) SAFETY:

- (i) Periodic safety audits and meetings are conducted. The recommendations at the meetings are implemented and reviewed in the following meetings to ensure compliance. All minor incidents are reported, investigated and steps taken to avoid recurrence of such incidents.
- (ii) Periodic training programs on safety are conducted for all personnel. Mock Drills of "On site Emergency Control Plan" are conducted to check the employees' response to the emergency calls. Employees are always alert, prompt and capable of tackling emergency situations in the plants.
- (iii) Safety requirements are built - into the design of the facility. The facility is provided with appropriate hydrant systems and a battery of lightening arrestors that encompass the entire area. Different types of extinguishers are provided at various locations. All these are regularly monitored to ensure good operational condition.

(c) ENVIRONMENT:

- (i) Environmental impact assessment and HAZOP studies of our process are performed right from the development stage to scale up at various levels and further up to commercial production. Our commitment is to select operationally safe and environmentally clean processes right from R & D stage itself with constant up gradation of existing production technologies.
- (ii) The Company has taken several measures to reduce effluent generation. The Effluent Treatment Plant has been operated efficiently to meet the Pollution Control Board norms.
- (iii) Periodic Air monitoring of the work place is being carried out to ensure the Environment remains pollution free.

15. INDUSTRIAL RELATIONS:

The industrial relations during the year were cordial and peaceful and the Company received full cooperation and support from all its employees.

16. Form A & B Report:

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo:

The particulars as prescribed under sub section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in respect of Board of Directors) Rules 1988 are given in Annexure 'A' to this report.

17. AUDITORS:

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and being eligible are recommended for re-appointment to audit the accounts of the Company for the financial year 2009 – 2010.

18. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of the contribution made by the employees of the Company. The Directors wish to convey their appreciation to the Banks, dealers and other business associates and the shareholders for their continuous trust and support.

For and on behalf of the Board

Mrs. S. F. Vakil

Mr. K. D. Patel

Vice Chairperson & Managing Director

Director

Place : MUMBAI

Date : June 29, 2009

**ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION REQUIRED AS PER SECTION 217(1)(E) OF THE COMPANIES ACT 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009.

I. Conservation of Energy:**(a) ENERGY CONSERVATION MEASURES TAKEN:**

The Company has been giving high priority to conservation of energy on continuous basis through improved operational and maintenance practice.

1. Installed Variable frequency drives for Glass Lined Reactor in Plant 1.
2. The usage of water emulsion in Furnace Oil to conserve utility.
3. Installed power capacitor in water pump house to improve Power Factor.
4. Closely monitored and controlled the power factor to maintain it as unity.
5. Awareness amongst employees about need to conserve energy.
6. Process optimization done in such a way to reduce utility consumption.

(b) ADDITIONAL INVESTMENT PROPOSAL IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY:

1. Process modification will continue to reduce the use of utilities.
2. Installation of VFD for air compressor in sulphonation plant.
3. Use of solar water heating system for Boiler feed water and for canteen.

(c) IMPACT OF THE MEASURES AT (1) & (2) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

The above measures will result in energy saving and consequent decrease in cost of production.

(d) TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A:

	2008-2009	2007- 2008
A. POWER & FUEL CONSUMPTION		
(a) ELECTRICITY		
1. Purchased:		
(i) Units (KWH)	16,30,077	18,20,093
(ii) Purchased Cost of Units (Rs.)	80,71,647	88,45,592
(iii) Rate per Unit Purchased	4.95	4.86
2. Own Generation		
— Through Diesel Generator		
(i) No. of Units Generated (KWH)	90,714	30,503

	2008-2009	2007- 2008
(ii) Diesel Oil Consumed (KL)	30.12	12
(iii) Cost of Diesel Oil Consumed (Rs.)	11,82,789	4,30,068
(iv) Cost of Diesel/Unit Generated (Rs.)	13.04	14
— Through Steam Turbine		
(b) COAL USED		
(i) No. of Units consumed Kg.	—	—
(ii) Purchase Cost Rs.	—	—
(iii) Rate per unit Kg.	—	—
(c) FURNACE OIL		
(i) Furnace Oil Consumed (KL)	713.12	751
(ii) Cost of Furnace Oil Consumed (Rs.)	1,69,85,029	1,42,68,858
(iii) Average Rate (Rs./Litre)	23.82	19
(d) OTHER INTERNAL GENERATION		
(i) Low Sulphur Heavy Stock	NIL	NIL
(ii) Internally Generated Fuel	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION IN MT :

Electricity – KWH/Tons	335.04	357
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FORM B FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION

II. Research & Development

- Specific areas in which research & development activities were carried out by the Company during the year:

R & D was actively engaged in the development of a new range of cost effective products in the areas of Oil field, Textiles, Pigments and Concrete.

- Benefits derived from these research and development projects were:

New value added products are introduced in to the market, several of which have been successfully commercialised.

- The future plan for research & development activities is based on the products suitable for the following industries:

R & D will continue to work on similar fields of applications with focus on cost reductions, improvement in product performance and new product development.



4. Expenditure on R & D during the year

Capital	–	Rs. 36.15 lacs
Recurring	–	Rs. 70.25 lacs

5. Total R & D expenditure as a percentage of turnover : 1.94%

III. Technology absorption, adaptation and innovation:

- (i) 25 new products have been developed in R & D out of which 20 have been scaled up in the pilot plant.
- (ii) 14 of the new products have been scaled up in the production level and commercialized
- (iii) The effort of R & D has lead to new business during the year.
- (iv) During the last five years no technology was imported.

IV. Foreign Exchange Earning and outgo:

Foreign Exchange Earned	Rs. 990.27 lacs
Foreign Exchange used for imports and other remittance	Rs. 715.15 lacs

CORPORATE GOVERNANCE DISCLOSURE

The following Corporate Governance Report is attached as a part of the Directors' Report of the company for the year 2008-2009.

CORPORATE GOVERNANCE DISCLOSURE

In compliance with clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report on the matters mentioned in the said clause and practice as followed by Company:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Since its inception, the Company has been founded on moral and ethical codes that strongly emphasize total transparency and complete value based governance. The Company understands that corporate governance is a combination of voluntary practices and full compliance with laws and regulations leading to effective control and management of the organization. Good corporate governance leads to long term shareholder value and enhances interest of stake holders. The Company continues to place uncompromising emphasis on integrity and regulatory compliances. The company is committed to providing high quality products and services to its customers and stakeholders.

2. BOARD OF DIRECTORS:

The Board of Directors consists of 8 (Eight) Directors. The Board comprises of a Non-Executive Chairman, a Managing Director and six other Non-Executive Directors. Out of the six Non-Executive Directors, four members are Independent Directors. The Non-Executive Chairman is a promoter of the Company. The Board's composition meets with the stipulated requirement of at least one-half of the Board comprising of independent Directors.

During the financial year under review seven Board Meetings were held on 25th April 2008, 27th June 2008, 30th July 2008, 4th September 2008, 24th October 2008, 28th January 2009, 24th March 2009.

Attendance of each Director at the Board Meetings and last Annual General Meeting and number of other Directorships and Chairmanships/Memberships of Committees of each Director in various companies:

Name of Director	Category*	Designation	Board Meetings Attended	Attendance at last AGM	No. of Directorship in other Boards#	No. of Chairmanship/ Membership in other Board Committees\$
Mr. D. M. Neterwala (Promoter)	N.E.D	Chairman	5	No	12	1/4
Mrs. S. F. Vakil (Promoter)	E.D.	Vice-Chairperson & Managing Director	7	Yes	4	None
Mr. J. H. C. Jehangir (Promoter)	N.E.D.	Director	2	No	2	None
Mr. A. H. Jehangir (Promoter)	N.E.D	Director	4	No	None	None
Dr. K. R. Bharucha	I.& N.E.D.	Director	None	No	None	None
Mr. K. D. Patel	I.& N.E.D.	Director	5	Yes	6	2/2
Dr. Anil Naik	I.& N.E.D.	Director	6	No	2	None
Mr. Jimmy Bilimoria	I.& N.E.D.	Director	7	Yes	7	2/4

* E.D. – Executive Director, N.E.D. – Non-Executive Director, I. – Independent

The Directorships held by Directors as mentioned above, do not include Alternate Directorships, Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\$ In accordance with clause 49, Memberships / Chairmanships of only Audit Committees and Shareholders'/Investors' Grievance Committees of all other public limited companies have been considered.

Mr. J. H. C. Jehangir and Mr. A. H. Jehangir are related being brothers. Mr. D. M. Neterwala and Mrs. S. F. Vakil are related being father and daughter.

3. BOARD COMMITTEES:

The Company follows procedures and practices in conformity with the code of corporate governance. In keeping with the spirit of the code, the Board had constituted the following committees:

(i) **Audit Committee:**

The terms of reference cover the matters specified for Audit Committee under clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee comprises of Mr. K. D. Patel, Dr. Anil M. Naik, Mr. Adi Jehangir, Dr. K. R. Bharucha and Mr. Jimmy Bilimoria.

During the financial year under review, five Audit Committee Meetings were held on 25th April 2008, 27th June 2008, 30th July 2008, 24th October 2008 and 28th January 2009.

The attendance at the Audit Committee Meetings is as under:

Name of the Director	No. of meetings attended
Mr. K. D. Patel	3
Dr. Anil Naik	5
Mr. Adi Jehangir	2
Dr. K. R. Bharucha	None
Mr. Jimmy Bilimoria	5

The statutory auditors and the internal auditors of the company are invited to join the audit committee meetings.

(ii) **Share Transfer & Shareholders'/Investors' Grievances Committee:**

The Company has a Share Transfer & Shareholders'/Investors' Grievances Committee. It consists of Mr. D. M. Neterwala as Chairman, Mrs. S. F. Vakil, Mr. J. H. C. Jehangir and Mr. A. H. Jehangir as members. The Committee approves share transfers, transmissions, issue of duplicate share certificates, consolidation/split of share certificates, approval of demat position and matters related to Investors Grievances as and when received. During the year, no complaints were received from the shareholders. There are no pending share transfers.

(iii) **Buy Back Committee:**

In pursuance of the Buy Back Offer made by the Company and for the smooth implementation of the Buy Back, a Committee was constituted on April 28, 2009, consisting of Mr. D. M. Neterwala as Chairman, Mrs. S. F. Vakil, Dr. Anil Naik and Mr. Jimmy Bilimoria as Members.

The Committee is authorized to take necessary actions related to the buy back offer.

(iv) **Remuneration Committee:**

Remuneration Committee, not being a statutory requirement, has not been constituted.

4. REMUNERATION PAID TO DIRECTORS OF THE COMPANY:

(a) **Executive Directors:**

There is only one Executive Director on the Board, i.e. Vice Chairperson and Managing Director – Mrs. S. F. Vakil. Remuneration paid during the year includes Salary amounting to Rs. 19,20,000/- and perquisites valuing Rs. 13,33,458/-. The remuneration excludes, provision for gratuity and leave encashment, which are done based on actuarial value for Company as a whole.

(b) **Non-Executive Directors:**

With effect from 4th September, 2008, the sitting fees paid to Non-Executive Directors for attending each Board Meeting was revised from Rs. 1,500/- to Rs. 4,000/- and for each Audit Committee Meeting

from Rs. 2,000/- to Rs. 3,000/-. The sitting fees paid to the Directors during the year under review are as under:

Name of Directors	Fees for Board meeting (Rs.)	Fees for Audit committee (Rs.)
Mr. D.M. Neterwala	12,500/-	N.A.
Mr. J.H.C. Jehangir	5,500/-	N.A.
Mr. A.H. Jehangir	8,500/-	4,000/-
Mr. K.D. Patel	15,000/-	7,000/-
Dr. Anil Naik	16,500/-	12,000/-
Mr. Jimmy Bilimoria	20,500/-	12,000/-

5. GENERAL BODY MEETINGS:

The last three Annual General Meetings were held as under :

Financial year	Date	Time	Location
2005-2006	20.09.2006	11.30 a.m.	M.C. Ghia Hall, Mumbai
2006-2007	05.09.2007	11.30 a.m.	M.C. Ghia Hall, Mumbai
2007-2008	04.09.2008	11.30 a.m.	M.C. Ghia Hall, Mumbai

Special resolution passed at the last three Annual General Meeting: Special resolution was passed in the Annual General Meeting held on 5th September 2007, for the re-appointment of Mrs. S. F. Vakil, as the Vice Chairperson & Managing Director of the Company.

Postal ballot: No resolution was required to be passed by means of postal ballot during the financial year under review.

6. DISCLOSURES:

1. There were no transactions of material nature with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company.
2. There were no instances of non-compliance nor have any penalties, strictures been imposed by stock exchange or SEBI or any other statutory authority during the last three years on any matter related to the capital markets.

7. CODE OF CONDUCT

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The Code has also been posted on the Company's website www.dai-ichiindia.com. The said Code has been communicated to the Directors and the Members of the Senior Management and they have also affirmed the compliance thereto.

Sd/-

Vice Chairperson and
Managing Director

8. MEANS OF COMMUNICATION:

- (a) Quarterly results are taken on record by the Board of Directors and submitted to the stock exchange in terms of the requirements of Clause 41 of the Listing agreement.
- (b) Quarterly results have been published in Free Press Journal and Nav Shakti.
- (c) Website of the company is – www.dai-ichiindia.com
- (d) Exclusive email id for investor complaint is investor@dai-ichiindia.com
- (e) No presentations have been made to institutional investors or to analysts.
- (f) The Management Discussion and Analysis Report forms part of the Directors' Report.

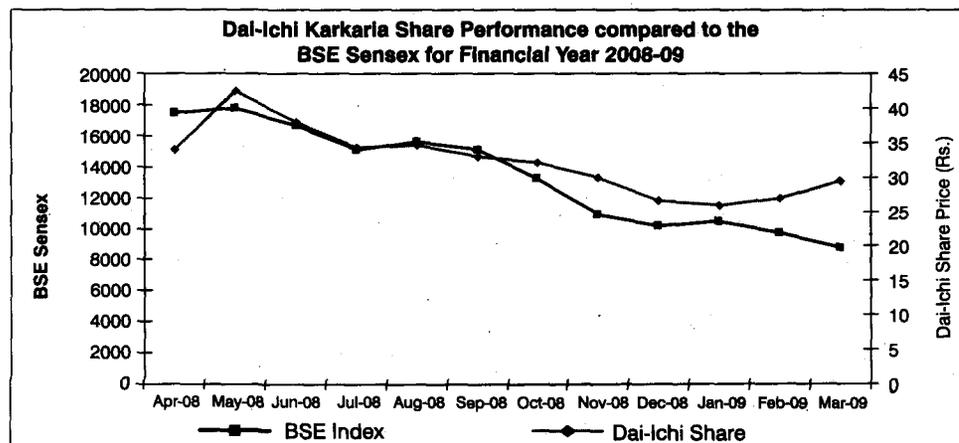


9. GENERAL SHAREHOLDER INFORMATION:

- A. Annual General Meeting:
Date, Time and Venue : 9th September 2009, at 11.30 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 023.
- B. Financial Calendar (tentative):
Financial Year : 1st April 2009 to 31st March 2010
First Quarter Results : Last week of July 2009
Half Yearly Results : Last week of October 2009
Third Quarter Results : Last week of January 2010
Audited Results for the year ending 31st March 2010 : Last week of June 2010
- C. Dates of Book Closure : 4th September 2009 to 9th September 2009
- D. Listing on Stock Exchanges : The Bombay Stock Exchange Ltd.
- E. Stock Code – : DAI ICH KARK
Demat ISIN Number for NSDL & CDSL : INE928C01010
- F. Market Price Data:
High/Low Share price of the Company during the last financial year on The Bombay Stock Exchange Ltd. (BSE) (Face Value Rs. 10)

Sr. No.	Month	High (Rs.)	Low (Rs.)
1.	April 2008	34.00	24.35
2.	May 2008	42.45	31.15
3.	June 2008	37.95	26.10
4.	July 2008	34.25	25.00
5.	August 2008	34.60	28.80
6.	September 2008	33.00	28.10
7.	October 2008	32.05	20.05
8.	November 2008	30.00	18.20
9.	December 2008	26.60	17.50
10.	January 2009	25.85	22.05
11.	February 2009	26.85	23.30
12.	March 2009	29.45	23.00

G. Stock Performance:



H. Registrar and Share Transfer Agents:

Registrars & Transfer Agents : Sharex Dynamic (India) Pvt. Ltd.
17/B, Dena Bank Bldg.,
2nd floor, Horniman Circle,
Fort, Mumbai - 400 001.

Branch office : Unit-1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072.

Persons to contact : Mr. Adi Patel/Mr. Sasikumar

Telephone No. : 22702485/22641376 or
28515606/28515644

E-mail address : sharexindia@vsnl.com

I. Share Transfer System:

: The Company follows a fortnightly cycle for processing and updating share transfers. The share transfer register and demat reports are approved by share transfer committee. The same is then ratified by the Board at the next meeting.

J. Shareholding Pattern as on 31.03.2009

	Categories of Shareholders	No. of shares held	%
A	Promoters Holding		
	Indian Promoters	38,26,769	50.31
	1. Foreign Promoters	Nil	Nil
	2. Persons acting in concert	6,86,717	9.03
	Sub Total	45,13,486	59.34
B	Non-Promoters Holding		
	3. Institutional Investors:		
	(i) Mutual Funds and UTI	0	0.00
	(ii) Banks, Financial Institutions, Insurance Companies	500	0.01
	(iii) FIIs	0	0.00
	Sub Total	500	0.01
	4. Others:		
	(i) Private Corporate Bodies	1,88,752	2.48
	(ii) Indian Public	28,16,909	37.03
	(iii) NRIs/OCBs	86,289	1.13
(iv) Any other (Clearing members)	464	0.01	
Sub Total	30,92,414	40.66	
	GRAND TOTAL	76,06,400	100

- K. Dematerialisation of shares : As on 31st March 2009, 40,38,790 equity shares representing 53.10% of the paid-up Share Capital is held in dematerialized form. Transaction in the equity shares of the company is permitted only in dematerialized form as per notification issued by SEBI.
- L. Plant locations : 105th Milestone, Mumbai Pune Road,
P. O. Kasarwadi Pune 411 034
Kurkumbh Industrial Area, plot No. D13
Village Kurkumbh, Tal Daund,
Dist. Pune.
- M. Address for correspondence : For information on share transactions in electronic form and physical form and general correspondence:
Sharex Dynamic (India) Pvt. Ltd. at
Unit-1, Luthra Ind. Premises,
Andheri Kurla Road, Safed Pool,
Andheri (E), Mumbai - 400 072.
Tel: 2851 5606/2851 5644
Fax: 2851 2885
E-mail: sharexindia@vsnl.com
Compliance Officer of the Company is Mrs. Kavita Thadeshwar
(Company Secretary)
- N. Auditor's certificate on Corporate Governance : The Company has obtained a certificate from the Auditors of the company confirming compliances with conditions of corporate governance as stipulated in the listing agreement with stock exchange.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of
Dai-ichi Karkaria Limited

We have examined the compliance of conditions of Corporate Governance by Dai-ichi Karkaria Limited for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the certificate of Corporate Governance as stipulated in the said Clause. 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, the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of 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 **Deloitte Haskins & Sells.**
Chartered Accountants

Shyamak R. Tata
Partner

Membership No. 38320

Place : Mumbai

Date : June 29, 2009

AUDITORS' REPORT

TO

THE MEMBERS OF DAI-ICHI KARKARIA LIMITED

1. We have audited the attached balance sheet of **Dai-ichi Karkaria Limited** ("the company") as at March 31, 2009, the profit and loss account and also the cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable and based on such checks we considered appropriate.
4. Further to our comments in the annexure referred to above we report that:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c. the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the company as at March 31, 2009;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors, as on March 31, 2009, and taken on record by the board of directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells.**
Chartered Accountants

Shyamak R. Tata
Partner

Membership No. 38320

Place : Mumbai

Date : June 29, 2009



ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT OF EVEN DATE

In our opinion and according to the information and explanation given to us, the nature of the company's business/activities during the year are such that clauses (viii), (xii), (xiii), (xiv), (xviii), (xix), (xx) of Companies (Auditors' Report) Order, 2003 are not applicable to the company and we further report that:

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets which are in the process of being updated.
 - (b) Fixed assets were not physically verified during the year by the management. The company has revised its program of physical verification of its fixed assets to once in two years on a unit-wise basis, which in our opinion is reasonable.
 - (c) None of the fixed assets have been disposed of during the year.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and the discrepancies noticed on physical verification were not material and have been adjusted in the books of account.
- (iii) In respect of loans, secured or unsecured, granted or taken by the company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, we have to state:
 - Loans granted
 - (a) The company has not granted any loans, secured or unsecured, during the year to companies, firms or other parties covered in the register maintained under Section 301 of the Act. As at the year-end, the outstanding balances of unsecured loans granted aggregated Rs. 14,48,299/- (number of parties 1) and the maximum amount involved during the year was Rs. 14,48,299/- (number of parties 1).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the company.
 - (c) Since the payment of the principal and interest are on demand, the question of regularity in the repayment of principal and payment of interest does not arise.
 - Loans taken
 - (d) The company has not taken any loans during the year from parties covered under Section 301 of Companies Act, 1956
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to section 301 that needed to be entered into the register, maintained under the said Section have been so entered.

- (b) Where each of such transactions (excluding loans reported under paragraph (iii) above) is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of chartered accountants appointed by the management have been commensurate with the size of the company and the nature of its business.
- (viii) In respect of statutory dues
- (a) According to the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues with the appropriate authorities during the year. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which has remained outstanding as at March 31, 2009 for period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no disputed dues payable in respect of income tax, sales tax, customs duty, wealth tax, service tax, excise duty and cess were outstanding as at on March 31, 2009.
- (ix) The Company does not have any accumulated losses as at 31st March, 2009. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to financial institutions and banks.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interests of the company.
- (xii) The term loans raised during the year were applied for the purpose for which they were raised.
- (xiii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **Deloitte Haskins & Sells.**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009



Balance Sheet as at March 31, 2009

	Schedule	Rupees	2009 Rupees	2008 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share Capital	1	7,60,64,000		7,60,64,000
Reserves and surplus	2	52,07,29,087		45,17,91,965
			59,67,93,087	52,78,55,965
Loan funds				
Secured loans	3	2,67,732		3,59,63,671
Unsecured loans	4	1,52,09,759		1,88,59,675
			1,54,77,491	5,48,23,346
Deferred tax (net)	5		58,43,935	10,301,486
TOTAL			61,81,14,513	59,29,80,797
APPLICATION OF FUNDS				
Fixed assets	6			
Gross block		47,58,60,033		46,47,77,937
Less: depreciation		32,47,13,537		31,49,98,918
Net block		15,11,46,496		14,97,79,019
Capital work-in-progress and advances		3,89,335		4,26,817
			15,15,35,831	15,02,05,836
Investments	7		9,23,06,767	3,59,93,034
Current assets, loans and advances				
Inventories	8	4,95,82,599		6,19,35,033
Sundry debtors	9	12,47,65,644		11,68,53,445
Cash and bank balances	10	12,84,54,395		20,697,738
Other current assets	11	48,68,704		87,14,273
Loans and advances	12	19,93,93,967		31,93,02,205
		50,70,65,309		52,75,02,694
Current liabilities and provisions	13			
Liabilities		10,45,60,393		104,544,849
Provisions		2,82,33,001		1,61,75,918
		13,27,93,394		12,07,20,767
Net current assets			37,42,71,915	40,67,81,927
TOTAL			61,81,14,513	59,29,80,797
Notes to the accounts	21			

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakil
K. D. Patel
Dr. Anil Naik

Jimmy Billimoria
Nitin Nimkar

Vice-Chairperson and Managing Director

Director

Director

Director

General Manager – Finance

Profit and Loss Account for the year ended March 31, 2009

	Schedule	Rupees	2009 Rupees	2008 Rupees
INCOME				
Gross sales		57,26,02,861		51,81,67,335
Less: Excise duty on sales		5,84,89,732		6,78,11,486
Net sales			51,41,13,129	45,03,55,849
Other income	14		3,97,17,567	4,47,29,353
			55,38,30,696	49,50,85,202
EXPENDITURE				
Materials	15		36,26,34,178	31,24,91,530
Employees' remuneration and benefits	16		7,35,08,687	6,41,28,782
Excise duty			(23,66,377)	(13,70,554)
Other expenses	17		8,53,96,206	8,03,26,547
Interest	18		14,06,977	58,15,705
Depreciation	19		91,14,959	85,19,261
			52,96,94,630	46,99,11,271
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION				
Exceptional Items – Income/(Expenses)	20		2,41,36,066	2,51,73,931
			6,31,53,534	—
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAXATION				
			8,72,89,600	2,51,73,931
Less: Taxation – Current year			95,09,000	96,00,000
– MAT recoverable			(46,69,000)	—
– Deferred Tax			(44,57,551)	(9,17,782)
– Fringe Benefit Tax			4,70,000	6,00,000
PROFIT AFTER TAXATION				
			8,64,37,151	1,58,91,713
Balance being surplus brought forward			11,92,72,740	11,45,59,957
Profit available for appropriation			20,57,09,891	13,04,51,670
APPROPRIATION				
Proposed dividend			1,44,45,377	91,27,680
Tax on proposed dividend			24,54,992	15,51,250
Transfer to general reserve			65,00,000	5,00,000
Balance carried to the balance sheet			18,23,09,522	11,92,72,740
			20,57,09,891	13,04,51,670
Notes to the accounts	21			
Basic and diluted earnings per share			11.36	2.09
Basic and diluted earnings per share excluding exceptional items			3.06	2.09

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakil
K. D. Patel
Dr. Anil Naik
Jimmy Billimoria
Nitin Nimkar

Vice-Chairperson and Managing Director
Director
Director
Director
General Manager – Finance



Cash Flow Statement for the year ended March 31, 2009

	2009		2008	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit after exceptional items and before tax		8,72,89,600		2,51,73,931
Adjustments for:				
Depreciation.....	91,14,959		85,19,261	
Profit on sale of fixed assets.....	—		(2,12,348)	
Loss of sale of/switch over of investments ..	24,50,027		9,372	
Provision for doubtful debts.....	10,15,985		7,28,515	
Excess of cost over fair value of current MF investments.....	14,72,352		13,29,468	
Interest income	(1,45,76,727)		(2,03,30,203)	
Dividend income	(34,29,529)		(11,16,535)	
Salestax Deferred.....	4,85,051		4,20,162	
Interest expense	14,06,977		58,15,705	
Exchange difference	—		(17,46,679)	
		<u>(20,60,905)</u>		<u>(65,83,282)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		8,52,28,695		1,85,90,649
Taxes Paid.....		(1,01,42,372)		(78,67,072)
WORKING CAPITAL				
Adjustments for:				
Trade and other receivables.....	(89,28,184)		1,35,88,406	
Other current assets.....	22,25,997		2,83,214	
Loans and advances.....	12,47,40,610		(13,52,872)	
Inventories	1,23,52,434		6,43,049	
Current liabilities and provisions.....	61,04,197		(1,67,95,747)	
		<u>13,64,95,054</u>		<u>(36,33,950)</u>
CASH GENERATED FROM OPERATING ACTIVITIES		21,15,81,377		70,89,627
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Sales proceeds of fixed assets	—		2,30,056	
Additions to fixed assets (net)	(1,10,44,614)		(29,95,041)	
Interest received.....	1,61,96,299		3,11,94,830	
Dividend received	34,29,529		11,16,535	
Proceeds from sale of investments	3,98,51,510		99,90,628	
Purchase of investments	(10,00,87,622)		(1,45,00,000)	
NET CASH USED IN INVESTING ACTIVITIES		(5,16,54,898)		2,50,37,008
		<u>15,99,26,479</u>		<u>3,21,26,635</u>

Cash Flow Statement for the year ended March 31, 2009 (Contd.)

	2009		2008	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Repayment of term loan	(2,01,829)		(97,384)	
Repayment of cash credit – Working capital (net)	(3,54,94,110)		(1,44,59,346)	
Repayment of Fixed Deposit	(41,34,967)		(69,16,000)	
Interest expenses	(17,00,123)		(62,98,999)	
Dividend paid	(90,87,543)		(83,37,644)	
Tax on Dividend	(15,51,250)		(14,21,978)	
NET CASH USED IN FINANCING ACTIVITIES	(5,21,69,822)		(3,75,31,351)	
	10,77,56,657		(54,04,716)	
EXCHANGE FLUCTUATION ON CASH AND CASH EQUIVALENTS		—	17,46,679	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,77,56,657		(36,58,037)	
OPENING CASH BALANCE	2,06,97,738		2,43,55,775	
CLOSING CASH BALANCE	12,84,54,395		2,06,97,738	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,77,56,657		(36,58,037)	

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakil

K. D. Patel

Dr. Anil Naik

Jimmy Billimoria

Nitin Nimkar

Vice-Chairperson and Managing Director

Director

Director

Director

General Manager – Finance



**Schedules annexed and forming part of accounts
for the year ended March 31, 2009**

	Rupees	2009 Rupees	2008 Rupees
1. SHARE CAPITAL			
AUTHORISED			
1,00,00,000 (2008: 1,00,00,000) Equity shares of Rs. 10 each		10,00,00,000	<u>10,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP			
76,06,400 (2008: 76,06,400) Equity shares of Rs. 10/- each fully paid up		7,60,64,000	7,60,64,000
Of the above, 50,30,000 (2008: 50,30,000) Equity shares have been allotted by way of fully paid bonus shares by capitalising:			
General reserve Rs. 2,95,00,000 (2008: 2,95,00,000/-)			
Revaluation reserve Rs. 2,08,00,000 (2008: 2,08,00,000/-)			
		7,60,64,000	<u>7,60,64,000</u>
2. RESERVES AND SURPLUS			
Capital reserve			
As per last account		77,10,000	77,10,000
Securities premium			
As per last account		26,34,33,000	26,34,33,000
Revaluation reserve			
As per last account	3,99,65,033		4,06,65,351
Less: Transfer to profit and loss account towards depreciation	5,99,660		7,00,318
		3,93,65,373	<u>3,99,65,033</u>
General reserve			
As per last account	2,14,11,192		2,09,11,192
Add: Transfer from profit & loss account	65,00,000		5,00,000
		2,79,11,192	<u>2,14,11,192</u>
Profit and loss account – surplus		18,23,09,522	<u>11,92,72,740</u>
		52,07,29,087	<u>45,17,91,965</u>

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2009**

	Rupees	2009 Rupees	2008 Rupees
3. SECURED LOANS			
From banks			
(1) Working Capital – Cash credit		—	84,220
– Foreign Currency Demand Loan		—	3,51,66,333
(Secured by hypothecation of all inventories and book debts, pari passu charge on fixed assets of the Company and guarantee by the Chairman)			
[Amounts due within one year Rs. Nil (2008: Rs. 3,51,66,333/-)]			
Interest accrued and due		—	2,43,557
(2) Vehicle loan		1,80,504	2,77,669
(Secured by hypothecation of vehicles)			
[Amounts due within one year Rs. 1,09,881 (2008: Rs. 97,165/-)]			
From others			
Vehicle loan		87,228	1,91,892
(Secured by hypothecation of vehicles)			
[Amounts due within one year Rs. 87,228/- (2008: Rs. 1,04,664/-)]			
		2,67,732	3,59,63,671
4. UNSECURED LOANS			
Fixed deposits [Includes from Managing Director Rs. Nil (2008: Rs. 40,000/-)]		23,00,000	64,32,000
[Amounts due within one year – Rs. 23,00,000/-, (2008: Rs. 44,22,000/-)]			
Interest accrued and due on above		88,219	91,186
Deferred sales tax		1,28,21,540	1,23,36,489
[Amounts due within one year Rs. Nil, (2008: Rs. Nil)]			
		1,52,09,759	1,88,59,675
5. DEFERRED TAX (NET)			
Deferred tax liability:			
On Tangible fixed assets		1,29,72,982	1,30,50,928
Less: Deferred tax assets:			
On Employee benefits	46,66,702		18,68,426
On Provision for Doubtful Debts	5,92,956		2,47,623
On Diminution in value of investments	9,52,339		6,33,393
On Others	9,17,050		—
		71,29,047	27,49,442
		58,43,935	1,03,01,486



Schedule annexed to and forming part of accounts for the year ended March 31, 2009

6. FIXED ASSETS

Rupees

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01/04/2008	Additions	Deductions	As at 31/03/2009	As at 01/04/2008	For the year	Deductions	As at 31/03/2009	As at 31/03/2009	As at 31/03/2008
Freehold land	5,57,30,801	—	—	5,57,30,801	—	—	—	—	5,57,30,801	5,57,30,801
Leasehold land	18,58,391	—	—	18,58,391	—	—	—	—	18,58,391	18,58,391
Buildings:										
Residential*	1,60,62,087	4,54,830	—	1,65,16,917	59,72,390	6,33,382	—	66,05,772	99,11,145	1,00,89,697
Non-residential	8,78,26,919	—	—	8,78,26,919	4,76,91,239	23,32,371	—	5,00,23,610	3,78,03,309	4,01,35,680
Plant and Machinery	25,18,52,944	32,75,013	—	25,51,27,957	22,10,89,325	40,30,366	—	22,51,19,691	3,00,08,266	3,07,63,619
Furniture and Fixture	61,05,987	4,07,964	—	65,13,951	50,15,667	2,78,983	—	52,94,650	12,19,301	10,90,320
Laboratory, Office and Factory equipments and Airconditioners.....	2,01,27,056	11,35,657	—	2,12,62,713	1,52,66,757	10,00,000	—	1,62,66,757	49,95,956	48,60,299
Vehicles.....	45,18,232	21,93,214	—	67,11,446	25,25,784	7,59,374	—	32,85,158	34,26,288	19,92,448
Scientific research Capital expenditure:										
Non-residential Building	14,20,149	—	—	14,20,149	13,41,003	3,279	—	13,44,282	75,867	79,146
Plant & Machinery.....	53,75,287	2,449,242	—	78,24,529	43,09,581	2,68,819	—	45,78,400	32,46,129	10,65,706
Furniture & Fixture.....	6,06,513	25,000	—	6,31,513	5,36,991	14,884	—	5,51,875	79,638	69,522
Laboratory, Office and Factory equipments and Airconditioners.....	1,32,93,571	11,41,176	—	1,44,34,747	1,12,50,181	3,93,161	—	1,16,43,342	27,91,405	20,43,390
TOTAL	46,47,77,937	1,10,82,096	—	47,58,60,033	31,49,98,918	97,14,619	—	32,47,13,537	15,11,46,496	14,97,79,019
Previous year.....	46,21,43,259	33,41,224	7,06,546	46,47,77,937	30,64,68,177	92,19,579	6,88,838	31,49,98,918	14,97,79,019	15,56,75,082
Capital work in Progress and advances (advances Rs. 94,335 (2008: Rs. Nil))									3,89,335	4,26,817
									15,15,35,831	15,02,05,836

* Includes Rs. 13,50,000 (2008: Rs. 13,50,000) being the cost of shares held in Zinnia Properties Private Limited

7. INVESTMENTS

Long term at cost

(A) Other than trade

(a) Quoted:

8,100 (2008: 8,100) equity shares of Rs. 10/-
each of Bank of India

2,000 (2008: 2,000) equity shares of Rs. 2/- each
of Bharat Seats Limited

	3,64,500	3,64,500
	2,000	2,000
	3,66,500	3,66,500

(b) Unquoted:

Nil (2008: 1,935) 6.75% tax free Unit Trust of
India US 64 Bonds of Rs. 100/- each.....

1,000 (2008: 1,000) equity shares of Rs. 25/-
each of The Shamrao Vithal Co-op. Bank Limited..

2,500 (2008: 2,500) equity shares of Rs. 10/-
each of The Saraswat Co-op. Bank Limited

4,000 (2008: 4,000) equity shares of Rs. 25/-
each of The Zoroastrian Co-op. Bank Limited.....

	—	1,93,500
	25,000	25,000
	25,000	25,000
	1,00,000	1,00,000
	1,50,000	3,43,500

**Schedules annexed to and forming part of accounts
for the year ended March 31, 2009**

	Rupees	2009 Rupees	2008 Rupees
(B) Trade Investments:			
(a) Quoted:			
57,167 (2008: 57,167) equity shares of Rs. 10/- each of Clariant Chemicals (India) Limited.....		13,62,502	13,62,502
		13,62,502	13,62,502
(b) Unquoted:			
(i) In Subsidiary companies:			
11,25,000 (2008: 6,75,000) equity shares of Rs. 10/- each of Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited]		67,50,000	67,50,000
(4,50,000 Shares acquired in the subsidiary company per the 'Consent Terms', at Nil value during the year)			
48,500 (2008: 48,500) equity shares of Rs. 10/- each of Dai-ichi Gosei Chemicals (India) Limited		4,85,000	4,85,000
		72,35,000	72,35,000
(ii) In Associate company			
26,00,000 (2008: 24,00,000) equity shares of Rs. 10 each of Inogent Laboratories Private Limited (Subscribed to right issue of 2,00,000 shares during the year at a premium of Rs. 70/- per share)		4,00,00,000	2,40,00,000
		4,00,00,000	2,40,00,000
(iii) Others			
4,900 (2008: 4,900) equity shares of Rs. 10/- each of Performance Polymers & Chemicals Private Limited.....		49,000	49,000
		49,000	49,000
		4,91,63,002	3,33,56,502
Less: Provision for diminution in the value of long term investments		5,34,000	5,34,000
		4,86,29,002	3,28,22,502
Short term – at lower of cost or fair value			
Other than trade			
Mutual Funds units of Rs. 10/- each		4,36,77,765	31,70,532
		4,36,77,765	31,70,532
		9,23,06,767	3,59,93,034



Notes:

	Rupees	2009 Rupees	2008 Rupees
(1) Aggregate cost of quoted investments		17,29,002	17,29,002
Market value of quoted investments		1,30,43,436	1,60,17,563
(2) Aggregate cost of unquoted investments [net of provision Rs. 33,35,820 (2008: Rs. 18,63,468)]		9,05,77,765	3,42,64,032
(3) Investment in Mutual Funds:			

Name of Mutual Fund	Scheme of Mutual Fund	Balance as at 1/4/2008		Purchased during the year		Sold during the year		Balance as at 31/3/2009	
		No. of units	Rupees	No. of units	Rupees	No. of units	No. of units	Rupees	
HDFC	Cash Management Fund – Treasury Advantage Plan Wholesale Weekly Dividend – Reinvestment	—	—	13,28,133	1,33,11,038	—	—	13,28,133	1,33,05,501
Birla Sun Life	Floating Rate Fund –short term Weekly Dividend Reinvestment	—	—	12,11,641	1,25,85,821	12,11,641	—	—	—
Reliance	Floating Rate Fund –Daily Dividend Reinvestment	—	—	12,79,558	1,28,84,761	12,79,558	—	—	—
Reliance	Floating Rate Fund – Weekly Dividend Reinvestment	—	—	1,251,614	12,637,455	1,251,614	—	—	—
DSP BlackRock	Tiger Fund – Growth	17,785	7,34,678	—	—	17,785	—	—	—
DSP BlackRock	Equity Fund –Growth	62,216	6,90,226	—	—	62,216	—	—	—
Prudential ICI	Infrastructure Fund – Div.	43,122	6,08,021	—	—	43,122	—	—	—
Reliance	Growth Fund – Growth	2,110	7,04,108	—	—	2,110	—	—	—
ICICI Prudential	Focused Equity Fund – Retail Growth	—	—	45,994	3,05,401	—	—	45,994	3,05,401
DSP BlackRock	Top 100 Equity Fund – Growth	—	—	9,294	4,51,615	—	—	9,294	4,51,615
DSP BlackRock	India T.I.G.E.R. Fund – Growth	—	—	8,302	4,03,374	—	—	8,302	4,03,374
Reliance	Vision Fund – Growth	—	—	3,350	4,11,769	—	—	3,350	4,11,769
ICICI Prudential	Gilt Fund – Dividend	—	—	1,88,260	25,00,000	—	—	1,88,260	23,88,682
IDFC	GSF Investment Plan A – Quarterly Dividend Reinvestment	—	—	2,15,936	25,00,000	—	—	2,15,936	22,60,246
ICICI Prudential	Income Plan–Quarterly Dividend Reinvestment	—	—	5,91,029	76,46,540	—	—	5,91,029	73,02,109
Reliance	Income Fund – Annual Dividend Reinvestment	—	—	7,85,431	1,08,36,182	—	—	7,85,431	95,78,727
Kotak	Bond – Quarterly Dividend Reinvestment	—	—	4,37,377	50,70,233	—	—	4,37,377	47,18,200
Birla Sun Life	Income Fund – Quarterly Dividend- Reinvestment	—	—	2,08,845	25,43,433	—	—	2,08,845	22,60,641
Unit Trust of India	Infra. Advt Fund – Series1 – Growth	50,000	4,33,499	—	—	—	—	50,000	2,91,500
Total			31,70,532		8,40,87,622				4,36,77,785

8. CURRENT ASSETS, LOANS AND ADVANCES
INVENTORIES

	Rupees	2009 Rupees	2008 Rupees
Raw & packing materials [includes material in transit – Rs. 9,52,037/-, (2008: Rs. 77,55,448/-)]		2,20,45,488	2,76,84,927
Fuel Oil		6,91,491	8,66,366
Work-in-progress		33,92,646	16,78,120
Finished goods		2,34,52,974	3,17,05,620
		4,95,82,599	6,19,35,033

	2009 Rupees	2008 Rupees
9. SUNDRY DEBTORS – UNSECURED		
[Considered good unless otherwise stated]		
Debts outstanding		
Over six months:		
– considered good	1,14,13,893	1,29,16,516
– considered doubtful	17,44,500	7,28,515
	1,31,58,393	1,36,45,031
Other debts	11,33,51,751	10,39,36,929
	12,65,10,144	11,75,81,960
Less: Provision for doubtful debts	17,44,500	7,28,515
	12,47,65,644	11,68,53,445
 Includes dues from subsidiary company, Basic Oil-Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited] – Rs. 1,72,56,028/- (2008: Rs. 3,39,37,326/-) Includes Rs. 1,26,25,000/- (2008: Rs. Nil) receivable towards compensation from Baker Production Services (UK) Limited		
 10. CASH AND BANK BALANCES		
Cash and cheques on hand	62,601	34,51,876
With scheduled banks in		
– Current account	3,48,60,740	1,08,14,054
– Deposit account	9,35,31,054	64,31,808
[Includes Rs. 53,56,054/- (2008: Rs. 48,11,808/-) lodged with banks for guarantees issued].....	12,83,91,794	1,72,45,862
	12,84,54,395	2,06,97,738
 11. OTHER CURRENT ASSETS		
Prepaid expenses.....	15,97,548	15,38,188
Interest accrued/receivable	29,43,541	45,63,113
Others	3,27,615	1,88,330
Property tax recoverable	—	10,79,642
Service charges receivable	—	13,45,000
	48,68,704	87,14,273



12. LOANS AND ADVANCES Unsecured (considered good)

	Rupees	2009 Rupees	2008 Rupees
Loan – Basic Oil Treating (India) Limited		14,48,299	14,48,299
[Formerly Known as Baker Oil Treating (India) Limited] (Subsidiary company)			
Maximum amount outstanding during the year – Rs. 14,48,299/- (2008: Rs. 17,07,796/-)			
Advances recoverable in cash or in kind or for value to be received:			
(a) Mobilisation advance to supplier on trading account ...	—		1,01,00,000
(b) Deferred recoverable from Inogent Laboratories Private Limited (Secured by bank guarantee)	16,80,00,000		28,00,00,000
(c) Others (includes Rs. 37,289/- (2008 – Rs. Nil) due from SDN Company, firm in which Directors are partner)	81,47,128		1,07,98,386
		17,61,47,128	30,08,98,386
MAT recoverable		46,69,000	—
Taxation (net)		72,23,151	70,59,779
Balance with excise authorities.....		68,351	24,989
Deposits		98,38,038	98,70,752
		19,93,93,967	31,93,02,205

13. CURRENT LIABILITIES AND PROVISIONS

(A) Current liabilities			
Sundry creditors – Micro and Small Enterprises.....	2,42,536		—
– others.....	5,00,98,086		4,26,30,098
Advances and deposits from customers.....	16,76,785		17,27,055
Deposit for rented premises	1,00,00,000		1,60,00,000
Liability for performance guarantees.....	1,25,28,146		1,25,28,146
Unclaimed dividend*	6,18,305		5,78,168
Other liabilities.....	2,92,75,964		3,06,67,665
Interest accrued but not due	1,20,571		4,13,717
		10,45,60,393	10,45,44,849
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date.			
(B) Provisions			
Leave encashment	76,17,267		54,96,988
Gratuity	37,15,365		—
Proposed dividend	1,44,45,377		91,27,680
Tax on proposed dividend	24,54,992		15,51,250
		2,82,33,001	1,61,75,918
		13,27,93,394	12,07,20,767

	Rupees	2009 Rupees	2008 Rupees
14. OTHER INCOME			
Commission		14,19,736	18,74,119
Interest (gross):			
Banks	16,35,567		9,89,964
Subsidiary company	17,23,455		34,28,788
Associate company	1,02,53,209		1,46,86,338
Income tax refunds	—		50,850
Others	9,64,496		11,74,263
[Tax deducted at source Rs. 30,70,734/-, (2008: Rs. 41,38,615/-)]		1,45,76,727	2,03,30,203
Dividend:			
on trade investments		5,71,670	10,29,006
on others		28,57,859	87,529
Profit on sale of fixed assets (net)		—	2,12,348
Exchange difference (net)		—	17,46,679
Miscellaneous Income		43,07,544	65,25,543
Bad debts recovered		2,44,843	—
Duty drawback		2,28,916	1,75,372
Lease rent received		1,54,61,500	1,27,22,000
Sundry balances written back		48,772	26,554
		3,97,17,567	4,47,29,353
15. MATERIALS			
Raw and packing			
Opening stock	2,76,84,927		2,66,72,220
Add: Purchases	33,70,93,826		30,69,00,512
	36,47,78,753		33,35,72,732
Less: Closing stock	2,20,45,488		2,76,84,927
Consumption		34,27,33,265	30,58,87,805
Purchases – traded products		1,33,62,793	40,81,603
Decrease/(Increase) in work-in-progress and finished goods:			
Opening:			
Work-in-progress	16,78,120		1,81,877
Finished goods	3,17,05,620		3,57,23,985
	3,33,83,740		3,59,05,862
Less: Closing			
Work-in-progress	33,92,646		16,78,120
Finished goods	2,34,52,974		3,17,05,620
	2,68,45,620		3,33,83,740
		65,38,120	25,22,122
		36,26,34,178	31,24,91,530



	2009 Rupees	2008 Rupees
16. EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries wages and bonus	5,81,26,503	5,22,28,597
Contribution to provident and other funds	95,40,304	60,37,328
Staff welfare	58,41,880	58,62,857
	<u>7,35,08,687</u>	<u>6,41,28,782</u>
17. OTHER EXPENSES		
Consumption of stores & spares (Indigenous)	23,86,504	14,19,132
Power and fuel	2,64,29,318	2,33,60,008
Rent	2,65,305	3,02,128
Repairs & Maintenance:		
Buildings	3,57,578	2,46,648
Machinery	12,64,100	11,92,833
Others	17,22,393	18,62,880
	<u>33,44,071</u>	<u>33,02,361</u>
Insurance	11,63,317	14,93,975
Rates and taxes	59,28,996	58,14,871
Commission and discount on sales	51,68,616	68,46,742
Donations	6,45,000	3,00,000
Bank charges	39,99,809	30,38,082
Telephone, telex and telegrams	15,69,354	19,51,270
Vehicle expenses	9,65,166	8,26,069
Legal and professional fees	54,34,342	78,46,993
Travelling expenses	33,11,117	33,60,481
Directors' sitting fees	1,13,500	25,500
Exchange difference (net)	29,78,632	—
Excess of cost over fair value of current investments	14,72,352	13,29,468
Provision for doubtful debts	10,15,985	7,28,515
Loss on sale/switch over of investments	24,50,027	9,372
Bad debts and advances written off	14,97,478	16,90,460
Miscellaneous expenses	1,52,57,317	1,66,81,120
	<u>8,53,96,206</u>	<u>8,03,26,547</u>
18. INTEREST		
On fixed deposits – including Rs. 2,231, (2008: Rs. 3,200) paid to Managing Director.....	2,74,964	8,67,229
On fixed period loan	6,99,968	44,68,887
On others	4,32,045	4,79,589
	<u>14,06,977</u>	<u>58,15,705</u>
19. DEPRECIATION		
As per fixed assets schedule	97,14,619	92,19,579
Less: Transfer from revaluation reserve	5,99,660	7,00,318
	<u>91,14,959</u>	<u>85,19,261</u>
20. EXCEPTIONAL ITEMS – INCOME/(EXPENSES)		
Income:		
Compensation from Baker Production Services (UK) Limited (net of expenses)	7,32,53,534	—
Expenses:		
Mobilization advance written off	(1,01,00,000)	—
	<u>6,31,53,534</u>	<u>—</u>

SCHEDULE 21

Notes to the accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles (GAAP) and applicable accounting standards issued by the Institute of Chartered Accountants of India and provisions of the Companies Act, 1956.

Estimates:

The preparation of financial statements require estimates and assumptions to be made that effect the reported amount of assets and liabilities and other information as at the date of the financial statement and reported amounts of revenue and expenses during the recording period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

Fixed assets (including research and development (R&D) assets):(i) *Recognition:*

Recognized at cost of acquisition/construction (inclusive of expenses (net) upto attainment of commercial production) except assets at Kasarwadi, Pune as at April 1, 1993, which is stated at revalued figures as on that date.

(ii) *Impairment:*

The carrying amounts of tangible fixed assets are reviewed for impairment if events or changes in the circumstances indicate that the carrying value of the asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to profit and loss account.

(iii) *Depreciation:*

Depreciation is provided at the rates prescribed in schedule XIV to the Companies Act, 1956 on:

- written down value method for assets at Kasarwadi, Pune (including R & D assets). Incremental depreciation on revalued assets is adjusted to revaluation reserve.
- Straight line method for fixed assets at Kurkumbh, Pune.

Borrowing cost:

Interest on specific borrowing related to qualifying assets is included in the cost of asset. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

Research and development:

Capital expenditure is shown as fixed asset and accordingly depreciated. All revenue expenditure is charged to profit and loss account.

Investments:

Investments are stated at cost and classified as long term or current. Provision is made for diminution, other than temporary, if any, in respect of a long term investments. Current investments are valued at lower of cost and fair value.

Inventory:

Inventories are valued at lower of cost and net realizable value, on the weighted average basis. Work in progress and Finished goods are valued on absorption costing basis. Due allowance is made for slow moving and obsolete stocks.

Sundry debtors/loans and advances:

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances, if any.



SCHEDULE 21

Notes to the accounts (Contd.)

Sales:

Revenue is recognized on delivery of product and/or on passage of title to the buyer.

Excise:

Excise duty is recognized on goods manufactured.

Employee benefits:

The company has gratuity scheme funded with Life Insurance Corporation of India. Payments, determined as per actuarial valuation, under the scheme are charged to profit and loss account. Under this arrangement, in the event of an employee resigning in between/before superannuation, the company has to bear a part of the actual liability which is accounted as and when the event occurs since the differential gratuity may not be material.

Provision for leave encashment has been actuarially determined at the balance sheet date. Actuarial gain and losses are recognized in profit and loss account.

Foreign currency transactions:

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary items is restated at closing rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

Premium/discount in respect of forward cover contract is amortized over period of contract.

Taxation:

Provision for current tax is made after taking into account rebate and relief available under Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between taxable and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is a virtual/reasonable certainty of realization.

Provision for Fringe benefit tax is made provided in accordance with the provision of Income Tax Act, 1961.

Dividend:

Provision is made for proposed dividend, including corporate dividend tax thereon, subject to approval of members.

Contingent Liabilities:

Contingent liabilities are disclosed after careful evaluation of the facts and legal aspects of the issues involved.

B. NOTES:

	2009	2008
	Rupees	Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	2,88,571	6,63,433
2. (a) Contingent Liabilities not provided for:		
(i) Guarantees issued to others by Bank secured by counter guarantee of the company and by charge on the fixed assets, inventories and book debts of the company and personal guarantee of the Chairman of the company.....	2,44,61,851	2,38,41,721
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Subsidiary company Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited].....	2,25,00,000	1,50,00,000
(iii) Customs duty bonds	5,29,40,967	4,19,25,829
Wage agreement at Kasarwadi Plant was expired on 30th November, 2008. Negotiations with labour union are in progress. Ultimate liability resulting from the said negotiation is not ascertainable.		

SCHEDULE 21

Notes to the accounts (Contd.)

	2009 Rupees	2008 Rupees
(b) Claims against the company not acknowledged as debts relating to:		
(i) Central Excise (for final approval of classification of products) ..	Nil	1,10,632
(ii) Octroi (wrong classification of raw materials)*	2,38,80,407	1,60,67,717
(iii) Labour matters (back wages and compensation under Workmen Compensation Act)	28,61,000	28,61,000
(iv) Product performance (Refer Note 7).....	29,36,060	29,36,060

* Includes Rs. 1,41,97,321 for which bank guarantee has been given and Shown under 2(a)(i) above.

3. Employee Benefits:

A) Defined Benefit Plan

The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Particulars	Gratuity (Funded)	
	31st March, 2009 Rupees	31st March, 2008 Rupees
I. Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:		
1. Present Value of Defined Benefit Obligation at the beginning of the year.....	3,65,59,972	3,44,18,149
2. Current Service cost	31,78,455	87,21,543
3. Interest Cost	17,04,807	21,29,603
4. Losses (gains) on Curtailment.....	—	—
5. Liabilities extinguished on settlements.....	—	—
6. Plan amendments.....	—	—
7. Past Service cost.....	—	—
8. Actuarial (gains)/losses.....	31,86,325	(57,07,805)
9. Benefits paid.....	(26,38,302)	(30,01,518)
10. Present value of Defined Benefit Obligation as on Balance Sheet date.....	4,19,91,257	3,65,59,972
II. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
1. Fair value of Plan assets as at the beginning of the year..	3,62,74,763	3,44,35,190
2. Expected return on plan assets.....	29,09,117	27,77,835
3. Actuarial gains/(losses).....	3,21,965	2,74,751
4. Actual contributions by employers.....	14,08,349	17,88,505
5. Benefits paid.....	(26,38,302)	(30,01,518)
6. Plan assets as on Balance Sheet Date	3,82,75,892	3,62,74,763
III. Analysis of Defined Benefit Obligation:		
1. Defined Benefit Obligation as at 31st March	4,19,91,257	3,65,59,972
2. Fair Value of Plan assets at the end of the year	3,82,75,892	3,62,74,763
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date.....	(37,15,365)	(2,85,209)



SCHEDULE 21

Notes to the accounts (Contd.)

Particulars	Gratuity (Funded)	
	31st March, 2009 Rupees	31st March, 2008 Rupees
IV. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:		
1. Present value of Defined Benefit Obligation	4,19,91,257	3,65,59,972
2. Fair value of plan assets	3,82,75,892	3,62,74,763
3. Funded status [Surplus/(Deficit)]	(37,15,365)	(2,85,209)
4. Unrecognized Past Service Costs.....	—	—
5. Net Asset/(Liability) recognized in Balance Sheet.....	(37,15,365)	(2,85,209)
V. Components of employer expenses recognized in the statement of profit and loss:		
1. Current Service cost	31,78,455	87,21,543
2. Interest cost.....	17,04,807	21,29,603
3. Expected return on plan assets.....	(29,09,117)	(27,77,835)
4. Curtailment cost/(credit)	—	—
5. Settlement cost/(credit).....	—	—
6. Past Service cost.....	—	—
7. Actuarial Losses/(Gains)	28,64,360	(59,82,556)
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds	48,38,505	20,90,755
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund)		
VII. Principal Actuarial Assumptions:		
1. Discount Rate (%)	7.25%	8%
2. Expected Return on plan assets (%).....	8%	8%
3. Salary escalation (%).....	5%	5%
4. Medical cost inflation.....	N.A.	N.A.
VIII. Experience History:		
1. Experience adjustments on plan liabilities (Gain)/Loss.....	19,74,571	N.A.
2. Experience adjustments on plan assets (Loss)/Gain.....	3,21,965	N.A.
3. Defined Benefit Obligation at the end of the period.....	4,19,91,257	3,65,59,972
4. Plan Assets at the end of the period.....	3,82,75,892	3,62,74,763
5. Funded Status.....	(37,15,365)	(2,85,209)
IX. Contributions expected to be paid to the plan during the next financial year.....	15,00,000	—
(a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.		
(b) Expected Rate of Return of Plan Assets: This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.		
(c) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.		

B) Defined Contribution Plan

Amount recognized as an expense in the Profit & Loss Account in respect of Defined Contribution Plan is Rs. 40,81,727 (2008: 34,16,292).

SCHEDULE 21

Notes to the accounts (Contd.)

4. Excise duty

	2009	2008
	Rupees	Rupees
(1) Excise duty shown as reduction from turnover.....	5,84,89,732	6,78,11,486
(2) Excise duty charged to profit and loss account:		
Difference between closing stock and opening stock	(23,93,506)	(14,37,465)
Short recoveries/Samples etc.....	27,129	66,911
Total.....	(23,66,377)	(13,70,554)

5. Under the package scheme of incentive for industries in backward area, the company has been sanctioned deferral of payment of sales tax collection for a period of 74 months commencing August 1, 2000 up to an amount of Rs. 4,84,42,000 for the Kurkumbh unit at Pune.

The deferred amount aggregating to Rs. 1,28,21,540 (2008: Rs. 1,23,36,489) is recognized as unsecured loan and is payable after a moratorium period of 10 years in 5 yearly equal installments which commencing from year 2011.

6. Against mobilization advance of Rs. 1,01,00,000 given to Rutvij Chemicals Limited (Rutvij), the company's summary suit filed at the Honourable High Court of Mumbai was heard and the Honourable High Court directed defence to deposit Rs. 1,01,00,000 within a period of 16 weeks commencing June 14, 2005, which has not been complied with. The Honourable High Court of Mumbai had granted a decree in favour of the company. Application for execution of decree was made by the company.

Pursuant to the application for execution of the decree made by the Company. The Hon'ble High court, Mumbai vide judgment dtd. 16-9-2008, had directed the Court Receiver to attach the movable properties of Rutvij lying in the state of Madhya Pradesh; sell the said moveable properties, by public auction or private treaty; hand over the net sale proceeds to DIK in satisfaction of the decree.

As per aforesaid order dated, 16-9-08, the Court receiver had fixed appointment for taking possession and inspection of the property with Rutvij. However, in view of certain claims made by secured creditors on the property of Rutvij, the possession of the property was deferred by the management.

Subsequently, in view of the uncertainty in recoverability of the debt and the period that may be required to recover the debt, the Board of directors have decided to write off the balance outstanding amount of Rs. 1,01,00,000 (after writing off Rs. 60,00,000 in 2006 as non-recoverable).

7. Oil and Natural Gas Corporation Limited (ONGC):

In the arbitration proceedings under order No. C/1438-a and C/1438-b of September 12, 1986, arbitrator declared the award and directed the ONGC to pay Rs. 55,45,325 after retaining Rs. 29,36,060 for dossage compensation and release of bank guarantee.

The Company and ONGC have filed appeals against the award hence no adjustment have been recognized in the accounts.

8. Future minimum lease payment under non-cancellable operating lease.

Particulars	For the year	For the year
	ended on 31st	ended on 31st
	March, 2009	March, 2008
	Rupees	Rupees
(i) Not later than one year.....	64,57,500	1,54,61,500
(ii) Later than one year and not later than five years.....	—	64,57,500
(iii) Later than five years	—	—
Total....	64,57,500	2,19,19,000

Company has leased out commercial premises for a period of 2-3 years.



SCHEDULE 21

Notes to the accounts (Contd.)

9. Taxation – Current includes – wealth tax of Rs. 2,15,800 (2008: Rs. 2,00,000).

10. Research and development expenditure:

	2009 Rupees	2008 Rupees
Revenue	70,25,442	51,91,493

11. Remuneration to Managing Director being minimum remuneration:

	2009 Rupees	2008 Rupees
Salaries	19,20,000	18,10,000
Company's contribution to provident fund	2,30,400	2,17,200
Perquisites	11,03,058	10,38,780
Total....	32,53,458	30,65,980

Notes:

The above remuneration excludes gratuity contribution and leave encashment as the contribution is made for company as a whole.

In determining the adequacy of profits for the payment of remuneration (including commission) to the Managing Director, the amount of compensation from Baker Production Services (UK) Limited, has been considered to be of a capital nature.

12. Auditors' remuneration:

	2009 Rupees	2008 Rupees
Audit fees	9,00,000	5,00,000
Tax audit	2,00,000	1,25,000
Limited review/Consolidation	8,00,000	6,50,000
Certification	75,000	60,175
Out of pocket expenses	28,906	49,775
Total....	20,03,906	13,84,950

13. (i) Installed capacity, production, turnover, closing and opening stocks:

Name of Product	Installed Capacity *Tonnes	Production Tonnes	Sales (Gross)		Closing Stock		Opening Stock	
			Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees
Speciality Chemicals..	16,150	5,136	5,235	55,26,43,653	493	2,31,90,192	592	3,06,72,095
	(16,150)	(5,179)	(5,224)	(51,29,42,986)	(592)	(3,06,72,095)	(637)	(3,53,52,471)
Others	Nil	Nil	Nil	38,73,750	Nil	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)	(6,21,348)	(Nil)	(Nil)	(Nil)	(Nil)
Total....	—	—	—	55,65,17,403	—	2,31,90,192	—	3,06,72,095
	(—)	(—)	(—)	(51,35,64,334)	(—)	(3,06,72,095)	(—)	(3,53,52,471)

(*) Installed Capacity based on 3-shift working as certified by the Management and relied upon by Auditors.

SCHEDULE 21

Notes to the accounts (Contd.)

(ii) Details of Traded Goods:

Name of Product	Purchases		Sales		Closing Stock		Opening Stock	
	Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees	Tonnes	Rupees
Traded Goods	68.45	1,33,62,793	76.15	1,60,85,458	2.02	2,62,782	9.72	10,33,525
	(36.20)	(40,81,603)	(29.48)	(46,03,001)	(9.72)	(10,33,525)	(3.00)	(3,71,514)

Note: 1. Figures in bracket relate to previous year.

(iii) Materials consumed:

Material	2009		2008	
	Unit MT	Rupees	Unit MT	Rupees
Ethylene Oxide	1,519	11,62,67,794	1,436	10,02,16,488
Alcohol, Phenols & Glycols	830	8,30,80,794	856	7,41,89,928
Oils and Fatty Acids	190	1,25,80,926	261	1,43,70,919
Alkyl Benzene	55	48,10,192	63	37,79,620
Solvents	180	91,21,190	253	1,08,26,088
Others (Including packing material)	—	11,68,72,369	—	10,25,04,762
Total....		34,27,33,265		30,58,87,805

(iv) Value of imported and indigenous raw and packing materials, spare parts and Components consumed:

Raw and packing materials:

	2009		2008	
	Rupees	%	Rupees	%
Imported	8,35,14,137	24	7,74,47,233	25
Indigenous	25,92,19,128	76	22,84,40,572	75
Total....	34,27,33,265	100	30,58,87,805	100

(v) CIF value of imports:

	2009 Rupees	2008 Rupees
Raw and packing materials	6,82,88,439	7,11,98,498
Capital Goods	23,15,157	—
Spares	—	26,012

(vi) Expenditure in foreign currency:

	2009 Rupees	2008 Rupees
Travelling	5,36,314	2,74,746
Commission	3,75,907	5,00,589
Interest	2,69,779	30,15,680

(vii) Earnings in foreign exchange:

	2009 Rupees	2008 Rupees
F.O.B. value of Export	2,28,12,487	1,50,37,333
Commission	14,19,736	11,90,264
Compensation received	7,47,94,500	—



SCHEDULE 21

Notes to the accounts (Contd.)

14. Earnings per share:

	2009	2008
	Rupees	Rupees
(A) Before exceptional items and after tax:		
Profit as per accounts	2,32,83,617	1,58,91,713
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	76,06,400	76,06,400
Nominal value per share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	3.06	2.09
(B) After exceptional items and tax:		
Profit as per accounts	8,64,37,151	1,58,91,713
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	76,06,400	76,06,400
Nominal value per share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	11.36	2.09

15. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2009 is Rs. 2,42,536 (2008: Rs. Nil) including unpaid amounts of Rs. Nil (2008: Rs. Nil) outstanding for more than 45 days. No interest is due thereon.

16. Although the company's equity interests in Inogent Laboratories Private Limited (ILPL) and Performance Polymers and Chemicals Private Limited (PPCL) exceed 20%, these have been treated (as in earlier year) as under:

- ILPL has been classified as an Associate entity as defined in the Accounting Standard 23 on Accounting for Investment in Associate in the Consolidated Financial Statements (AS 23). However, in terms of the agreement between the shareholders, the company's holding is considered temporary and consequently the investment is not accounted for under the equity method of accounting.
- PPCL has been classified as trade investment as the proposed JV for which the company invested in PPCL was not pursued.

17. Segment reporting:

The company is principally engaged in single business segment – manufacturing of specialty chemicals and operates materially in one geographical segment as per Accounting Standard 17 on segment reporting.

18. During the year management has reviewed the identification and classification of related party relationships. Based on this review the related party relationships identified and transactions with them are detailed below:

A. Relationships:

i. Related parties where control exists

Subsidiary company

Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited] (BOTI).

Dai-Ichi Gosei Chemicals (India) Limited (DGCL).

ii. Key management personnel

Mrs. S. F. Vakil – Managing director (SFV)

iii. Relatives of key management personnel

Mr. D. M. Neterwala – Father of Managing Director (Director (DMN))

Mr. F. A. Vakil – Spouse of Managing Director (FAV)

SCHEDULE 21

Notes to the accounts (Contd.)

- iv. Other related parties
 - Chemicals & Ferro Alloys Limited (CFAL)
 - Universal Ferro & Allied Chemicals Limited (Limited (UFACL)
 - Indian Oxides & Chemicals Limited (IOCL)
 - Uni Klinger Limited (UKL)
 - Uni Abex Alloy Products Limited (UAPL)
 - SDN Company (SDNC)
 - Commercial Building Syndicate (CBS)
 - Rose Investments Limited (RIL)
 - General Pharmaceuticals Pvt. Ltd. (GPPL)
 - Viva Chem Pvt. Ltd. (VCPL)
 - Performance Polymers & Chemicals Pvt. Ltd. (PPCPL)
 - Uni Deritend Ltd. (UDL)
 - Oil Field Instrumentation Ltd. (OFIL)
 - Neterson Technologies Pvt. Ltd. (NTPL)
 - Netal India Ltd. (NIL)
 - Netmech Engg. Pvt. Ltd. (NEPL)
 - Inogent Laboratories Private Limited (ILPL)

Note: Related party relationship is as identified by the company and relied upon by the auditors.

B. Transactions carried out with related parties referred in A above, in ordinary course of business:

(Rupees)					
Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Purchase of Goods	79,328	64,90,842	—	—	81,56,804
		IOCL			
		8,01,903			
		GPPL			
		6,78,928			
		NIL			
		1,05,803			
		Others			
	(—)	(22,89,531)	(—)	(—)	(26,68,353)
		IOCL			
		(3,29,662)			
		GPPL			
		(49,160)			
		Others			



SCHEDULE 21

Notes to the accounts (Contd.)

(Rupees)					
Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Sales of Goods.....	6,38,96,801	1,14,00,119	—	—	7,93,08,729
		IOCL			
		37,08,591			
		VCPL			
		3,03,218			
		Others			
	(6,28,27,067)	(47,66,816)	(—)	(—)	(6,98,54,315)
		IOCL			
		(21,62,399)			
		VCPL			
		(98,033)			
		Others			
Rent.....	—	2,44,571	—	—	2,44,571
		CBS			
	(—)	(2,45,848)	(—)	(—)	(2,45,848)
		CBS			
Rendering of Services	3,775	31,50,000	—	—	41,19,087
		ILPL			
		3,93,575			
		IOCL			
		2,60,773			
		SDN			
		3,10,964			
		Others			
	(71,423)	(54,00,000)	(—)	(—)	(56,93,147)
		ILPL			
		(2,21,724)			
		Others			
Receiving of Services	—	2,19,872	—	—	2,19,872
		SDNC			
	(—)	(2,03,705)	(—)	(—)	(2,29,895)
		SDNC			
		(26,190)			
		UFACL			
Interest Received.....	17,23,455	1,02,53,209			1,19,76,664
		ILPL			
	(34,28,788)	(1,46,86,338)	(—)	(—)	(1,81,15,126)
		ILPL			
Remuneration.....	—	—	32,53,458	—	32,53,458
	(—)	(—)	(30,65,980)	(—)	(30,65,980)

SCHEDULE 21

Notes to the accounts (Contd.)

(Rupees)					
Nature of transactions	Subsidiary company – BOTI	Associate entities	Key management personnel	Relatives of key management personnel	Total
Interest paid-on Fixed Deposit	—	—	2,231	1,622	3,853
	(—)	CFAL (6,884)	SFV (3,200)	FAV (2,800)	(12,884)
Investments	—	4,00,00,000	—	—	4,00,49,000
	(—)	CFAL ILPL 49,000 Others (2,40,00,000)	(—)	(—)	(2,40,49,000)
		ILPL (49,000)			
		Others			
Outstanding Debtors	1,60,71,407	59,40,188	—	—	2,27,11,491
	(3,14,33,801)	IOCL 6,56,417 VCPL 43,479 Others (13,45,000)	(—)	(—)	(3,36,17,603)
		ILPL (7,97,704)			
		VCPL (41,098)			
		Others			
Outstanding Receivables	11,84,621	26,87,617	—	—	39,17,292
	(25,03,525)	ILPL 45,054 Others (44,96,708)	(—)	(—)	(71,44,101)
		ILPL (1,43,868)			
		Others			
Outstanding Payables	—	1,94,033	—	—	2,31,482
	(—)	IOCL 37,449 Others (2,334)	(—)	(—)	(2,334)
		VCPL			
Outstanding Loan	14,48,299	16,80,00,000	—	—	16,94,48,299
	(14,48,299)	(28,00,00,000)	(—)	(—)	(28,14,48,299)
		ILPL			
Outstanding Fixed Deposits	85,100	—	—	—	85,100
	(85,100)	(—)	SFV (40,000)	FAV (35,000)	(1,60,100)
			SFV	FAV	

Note: Figures in bracket relate to previous year.

**SCHEDULE 21****Notes to the accounts (Contd.)**

19. Financial and derivative instrument disclosure:

(a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2009.

As at 31/03/2009				As at 31/03/2008			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
US Dollar	110,751	Buy	Indian Rupees	US Dollar	752,529	Buy	Indian Rupees

(b) All derivative and financial instruments acquired by the Company are for hedging purpose.

(c) Unhedged foreign currency exposure:

Particulars	2009 Rupees	2008 Rupees
Debtors	49,87,759	11,96,064
Creditors	80,66,255	1,06,61,068
Secured Loans	—	50,87,749

20. Provision for current taxation represents provision for Minimum Alternate Tax under Section 115 JB of the Income Tax Act, 1961.

21. Figures are regrouped and rearranged, wherever necessary.

Signatures to Schedules '1' to '21'

For and on behalf of the Board

S. F. Vakil

Vice Chairperson and Managing Director

K. D. Patel

Director

Dr. Anil Naik

Director

Jimmy Bilimoria

Director

Place : Mumbai

Kavita Thadeshwar

Nitin Nimkar

General Manager – Finance

Date : June 29, 2009

Company Secretary

**Company's General Business Profile
(As Per Schedule VI, Part (iv) of the Companies Act, 1956)**

I. REGISTRATION DETAILS

CIN	24100MH1960PLC011681
State Code	11
Balance Sheet Date	31-3-2009

II. CAPITAL RAISED DURING THE YEAR

Public Issue	Nil
Rights Issue	Nil
Private Placements	Nil
Bonus Issue	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

	(Rs. in '000)
Total Liabilities	7,50,908
Total Assets	7,50,908

SOURCES OF FUNDS

Paid-up capital	76,064
Reserves and surplus	5,20,729
Secured loans	268
Unsecured loans	15,210
Deferred tax liability	5,844

APPLICATION OF FUNDS

Net fixed assets	1,51,536
Investments	92,307
Net current assets	3,74,272
Miscellaneous expenditure	—
Accumulated losses	—

IV. PERFORMANCE OF THE COMPANY

Turnover including other income	5,53,831
Total expenditure	5,29,695
Profit before tax	24,136
Exceptional Item	63,154
Profit after tax (note)	86,437
Basic & diluted profit per share (Rs.)	11.36
Basic & diluted profit per share excluding exceptional item (Rs.)	3.06
Dividend rate (%)	19

V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY

PRODUCT DESCRIPTION	ITEM CODE NO. (ITC CODE)
1. Surface Active Agents	340211.00
	340212.00
	340213.00
	340290.00
2. Oil Field Chemicals	381190.00
3. Synthetic Polymers	390690.01
	390690.09
4. Tramadol	290619.01
5. Trimetazidine	290729.09
6. Carboprost Tramethamine	300439.19

For and on behalf of the Board

S. F. Vakil

Vice Chairperson and Managing Director

K. D. Patel

Director

Dr. Anil Naik

Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Place : Mumbai

Kavita Thadeshwar

Date : June 29, 2009

Company Secretary



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1. Name of the Subsidiary Company : Basic Oil Treating (India) Ltd.
(formerly known as Baker Oil Treating (India) Ltd.)
- Financial Year of the Subsidiary Company : 31st March, 2009
- Total issued and paid-up share capital of the Subsidiary Company : 11,25,000 Equity shares of Rs. 10/- each.
- Extent of interest of Dai-ichi Karkaria Limited in Basic Oil Treating (India) Ltd. at the end of the financial year : 11,25,000 Equity shares of Rs. 10/- each.
- Net aggregate amount of profits/(Loss) of : Basic Oil Treating (India) Ltd. has made a Profit of Rs. 2,71,96,383/- (Previous Year Rs. 94,68,351/-). The total accumulated profit carried to its Balance Sheet as on 31st March, 2009, amounted to Rs. 1,16,63,229/- (Previous Year Accumulated Loss of Rs. 1,55,33,154/-).

No adjustment has been made in the accounts of the Company in respect of the Profit made by Basic Oil Treating (India) Ltd.

2. Name of the Subsidiary Company : Dai-ichi Gosei Chemicals (India) Ltd.
- Financial Year of the Subsidiary Company : 31st March, 2009
- Total issued and paid-up share capital of the Subsidiary Company : 50,000 Equity shares of Rs. 10/- each
- Extent of interest of Dai-ichi Karkaria Limited in Dai-ichi Gosei Chemicals (India) Ltd. at the end of the financial year : 48,500 Equity shares of Rs. 10/- each
- Net aggregate amount of loss of : Dai-ichi Gosei Chemicals (India) Ltd. has made a Loss of Rs. 5,084/- (Previous Year Loss of Rs. 11,440/-). The total accumulated Loss carried to its Balance Sheet as on 31st March, 2009, amounted to Rs. 2,63,215/- (Previous Year Rs. 2,58,131/-).

No adjustment has been made in the accounts of the company in respect of the Loss incurred by Dai-ichi Gosei Chemicals (India) Ltd.

For and on behalf of the Board

S. F. Vakil

Vice Chairperson and Managing Director

K. D. Patel

Director

Dr. Anil Naik

Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF DAI-ICHI KARKARIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the attached consolidated balance sheet of Dai-ichi Karkaria Limited and its subsidiaries (the Group) as at March 31, 2009, consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Dai-ichi Karkaria Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of a subsidiary Dai-ichi Gosei Chemicals (India) Limited whose financial statements reflect the Group's share of total assets of Rs. 5.18 lakhs as at March 31, 2009 and Group's share of total revenue of Rs. * (less than Rs. 0.01 lakh) for the year ended on that date, and net cash outflow amounting to Rs. 0.03 lakh for the year ended on that date as considered in the consolidated financial statements.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the reports of the other auditor.

4. We report that the consolidated financial statements have been prepared by Dai-ichi Karkaria Limited's management in accordance with the requirements of Accounting Standards (21), "Consolidated Financial Statements" and Accounting Standards (23), "Accounting for Investments in Associates in Consolidated Financial Statements" and on the basis of the separate audited financial statements of Dai-ichi Karkaria Limited and its subsidiaries included in the consolidated financial statements.
5. On the basis of the information and explanation given to us, and on the consideration of the separate audit report of other auditor, in our opinion, the consolidated financial statements together with the notes thereon and attached thereto, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the consolidated balance sheet, of the consolidated state of affairs of Dai-ichi Karkaria Limited Group as at March 31, 2009;
 - (ii) in the case of the consolidated profit and loss account, of the consolidated profit for the year ended on that date; and
 - (iii) in the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner

Membership No. 38320

Place : Mumbai
Date : June 29, 2009.



Consolidated Balance Sheet as at March 31, 2009

	Schedule	2009 Rupees	2008 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Capital	1	7,60,64,000	7,60,64,000
Reserves and surplus	2	53,81,26,112	44,29,05,267
		61,41,90,112	51,89,69,267
Minority Interest		7,104	7,256
Loan funds			
Secured	3	14,80,342	4,31,55,170
Unsecured	4	1,52,09,758	1,90,07,974
		1,66,90,100	6,21,63,144
Deferred Tax (net)	5	79,86,002	1,29,00,882
Total		63,88,73,318	59,40,40,549
APPLICATION OF FUNDS			
Fixed assets	6		
Gross block		50,90,33,361	49,79,00,127
Less: depreciation/amortisation		34,43,45,791	33,39,42,261
Net block		16,46,87,570	16,39,57,866
Capital work in progress and advances		3,89,335	4,26,817
		16,50,76,905	16,43,84,683
Investments	7	8,55,83,767	2,92,70,034
Current assets, loans and advances			
Inventories	8	6,11,89,788	7,11,89,706
Sundry debtors	9	12,32,00,852	10,03,28,930
Cash and bank balances	10	13,41,66,583	2,29,41,396
Other current assets	11	48,68,704	87,14,273
Loans and advances	12	21,54,23,179	33,54,70,389
		53,88,49,106	53,86,44,694
Current liabilities and provisions	13		
Liabilities		11,59,25,709	11,82,58,132
Provisions		3,47,10,751	2,00,00,730
		15,06,36,460	13,82,58,862
Net current assets		38,82,12,646	40,03,85,832
Total		63,88,73,318	59,40,40,549
Notes to the accounts	21		

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakli

K. D. Patel

Dr. Anil Naik

Jimmy Bilimoria

Nitin Nimkar

Vice Chairperson and Managing Director

Director

Director

Director

General Manager – Finance

DAI-ICHI KARKARIA LIMITED AND ITS SUBSIDIARIES

Consolidated Profit & Loss Account for the year ended March 31, 2009

	Schedule	2009 Rupees	2008 Rupees
INCOME			
Gross sale		69,32,74,712	60,79,20,118
Less: Excise duty on sales		6,50,96,939	7,96,66,644
Net sales		62,81,77,773	52,82,53,474
Other income	14	3,87,76,091	4,29,03,872
Total		66,69,53,864	57,11,57,346
EXPENDITURE			
Materials	15	42,26,00,189	35,63,19,075
Employees' remuneration and benefits	16	7,93,34,529	6,92,82,439
Excise duty		(27,61,888)	(11,01,696)
Other expenses	17	10,28,24,094	9,46,74,753
Interest	18	26,00,960	69,60,352
Depreciation/Amortisation	19	1,05,91,672	1,00,36,132
Total		61,51,89,556	53,61,71,055
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION		5,17,84,308	3,49,86,291
Exceptional items – Income/(Expenses)	20	6,31,53,534	—
PROFIT AFTER EXCEPTIONAL ITEMS & BEFORE TAXATION		11,49,17,842	3,49,86,291
Less: Taxation— Current year		1,27,57,000	1,02,83,000
— MAT recoverable		(62,69,000)	—
— Deferred Tax		(49,14,880)	(11,62,691)
— Fringe Benefit Tax		6,24,000	7,41,289
PROFIT AFTER TAXATION BEFORE MINORITY INTEREST		11,27,20,722	2,51,24,693
Minority Interest		(88,05,320)	334
Net Profit		10,39,15,402	2,51,25,027
Balance being surplus brought forward		10,88,86,042	9,46,94,526
Share of adverse balance in profit and loss account of Dai-Ichi Gosei Chemicals (India) Limited consolidated in 2007-08		—	2,45,419
Surplus available for appropriation		21,28,01,444	12,00,64,972
APPROPRIATION			
Proposed dividend		1,44,45,377	91,27,680
Tax on proposed dividend		24,54,992	15,51,250
General reserve		65,00,000	5,00,000
Balance being surplus carried to the balance sheet		18,94,01,075	10,88,86,042
		21,28,01,444	12,00,64,972
Notes to the accounts	21		
Basic and diluted earnings per share		13.66	3.30
Basic and diluted earnings per share excluding exceptional items		5.36	3.30

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakil

K. D. Patel

Dr. Anil Naik

Jimmy Billmorla

Nitin Nimkar

Vice Chairperson and Managing Director

Director

Director

Director

General Manager – Finance



Consolidated Cash Flow statement for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT AFTER EXCEPTIONAL ITEMS AND BEFORE TAX	11,49,17,842	3,49,86,291
Adjustments for:		
Depreciation.....	1,05,91,672	1,00,36,132
(Profit)/Loss on sale of fixed assets	2,47,978	(2,06,714)
Loss on sale of/switch over of investments	24,50,027	9,372
Provision for doubtful debts.....	10,15,985	7,28,515
Excess of cost over fair value of current MF investments	14,72,352	13,29,468
Interest income	(1,31,40,997)	(1,69,01,415)
Dividend income.....	(34,33,579)	(12,37,793)
Sales tax Deferred	4,85,051	4,20,162
Interest expense	26,00,960	69,60,352
Exchange difference.....	—	(17,46,679)
	22,89,449	(6,08,600)
Operating profit before working capital changes	11,72,07,291	3,43,77,691
Taxes Paid	(1,39,36,210)	(80,38,943)
WORKING CAPITAL		
Adjustments for:		
Trade and other receivables	(2,38,87,907)	(1,60,10,094)
Other current assets.....	22,25,997	2,83,214
Loans and advances	12,64,01,437	(61,79,873)
Inventories	99,99,918	11,81,884
Current liabilities and provisions	68,79,151	52,81,649
	12,16,18,596	(1,54,43,220)
CASH GENERATED FROM OPERATING ACTIVITIES	22,48,89,677	1,08,95,528
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Sales proceeds of fixed assets.....	1,77,778	2,33,000
Additions to fixed assets (net).....	(1,23,09,310)	(34,17,039)
Interest received	1,47,60,569	2,86,90,703
Dividend received.....	34,33,579	12,13,535
Proceeds from sale of investments.....	3,98,51,510	99,90,628
Purchase of investments.....	(10,00,87,622)	(1,45,00,000)
NET CASH USED IN INVESTING ACTIVITIES	(5,41,73,496)	2,22,10,827
	17,07,16,181	3,31,06,355

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

Consolidated Cash Flow statement for the year ended March 31, 2009 (Contd.)

	2009 Rupees	2008 Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of long term borrowings	(3,34,134)	(2,63,237)
Proceeds from long term borrowings.....	6,80,000	—
Repayment of cash credit – Working capital (net) ...	(4,20,20,694)	(1,46,77,937)
Repayment of Fixed Deposit	(42,83,267)	(69,15,000)
Interest expenses	(28,94,106)	(86,28,105)
Dividend paid.....	(90,87,543)	(83,38,244)
Tax on Dividend.....	(15,51,250)	(14,21,978)
NET CASH USED IN FINANCING ACTIVITIES.....	(5,94,90,994)	(4,02,44,501)
	11,12,25,187	(71,38,146)
EXCHANGE FLUCTUATION ON CASH AND CASH EQUIVALENTS	—	17,46,679
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,12,25,187	(53,91,467)
OPENING CASH BALANCE.....	2,29,41,396	2,83,32,863
CLOSING CASH BALANCE	13,41,66,583	2,29,41,396
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,12,25,187	(53,91,467)

As per our report of even date
For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

For and on behalf of the Board

S. F. Vakil

K. D. Patel

Dr. Anil Naik

Jimmy Billimoria

Nitin Nimkar

Vice Chairperson and Managing Director

Director

Director

Director

General Manager – Finance



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
1. SHARE CAPITAL		
Authorised		
1,00,00,000 (2008 – 1,00,00,000) equity shares of Rs. 10/- each.....	<u>10,00,00,000</u>	<u>10,00,00,000</u>
Issued and subscribed		
76,06,400 (2008 – 76,06,400) Equity shares of Rs. 10/- each fully paid up...	7,60,64,000	7,60,64,000
Of the above 50,30,000 (2008 – 50,30,000) Equity shares have been allotted by way of fully paid bonus shares by capitalising:		
General Reserve Rs. 2,95,00,000/- (2008 : 2,95,00,000/-)		
Revaluation Reserve Rs. 2,08,00,000/- (2008 : 2,08,00,000/-)		
	<u>7,60,64,000</u>	<u>7,60,64,000</u>
 2. RESERVES AND SURPLUS		
Capital reserve		
As per last account.....	77,10,000	77,10,000
Securities premium		
As per last account.....	26,34,33,000	26,34,33,000
Capital incentive		
As per last account.....	15,00,000	15,00,000
Revaluation reserve		
As per last account.....	3,99,65,033	4,06,65,351
Less: Transfer to profit and loss account towards depreciation	5,99,660	7,00,318
	<u>3,93,65,373</u>	<u>3,99,65,033</u>
General reserve		
As per last account.....	2,14,11,192	2,09,11,192
Add: Transfer from profit and loss account	65,00,000	5,00,000
	<u>2,79,11,192</u>	<u>2,14,11,192</u>
Capital Reserve on Consolidation.....	88,05,472	—
Profit and Loss Account – surplus	18,94,01,075	10,88,86,042
	<u>53,81,26,112</u>	<u>44,29,05,267</u>

Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
3. SECURED LOANS		
From banks		
(1) Working Capital – Cash credit/FCDL	4,68,725	4,22,45,862
(Secured by hypothecation of all inventories and book debts, pari passu charge on fixed assets of the Company and guarantee by the Chairman) [Amounts due within one year Rs. Nil (2008 : Rs. 3,51,66,333/-)]		
Interest accrued and due	—	2,43,557
(2) Vehicles loan	9,24,389	4,73,859
(Secured by hypothecation of vehicles) [Amount due within one year – Rs. 3,02,621/- (2008 – Rs. 2,06,113/-)]		
From others		
Vehicle loan	87,228	1,91,892
(Secured by hypothecation of vehicles) [Amount due within one year Rs. 87,228/- (2008 : Rs. 1,04,664/-)]		
	14,80,342	4,31,55,170
4. UNSECURED LOANS		
Fixed deposits [Includes from Managing Director Rs. Nil (2008 – Rs. 40,000/-)] [Amounts due within one year Rs. 23,00,000/- (2008 – Rs. 44,22,000/-)]	23,00,000	64,32,000
Interest accrued and due on above	88,218	2,39,485
Deferred sales tax	1,28,21,540	1,23,36,489
	1,52,09,758	1,90,07,974
5. DEFERRED TAX (NET)		
Deferred tax liability:		
On Tangible fixed assets	1,53,93,084	1,58,48,245
Less: Deferred tax assets:		
On Employee benefits	49,44,737	20,66,347
On Provision for Doubtful Debts	5,92,956	2,47,623
On Diminution in value of investments	9,52,339	6,33,393
On Others	9,17,050	—
	74,07,082	29,47,363
Deferred tax liability (net)	79,86,002	1,29,00,882

Schedule annexed to and forming part of the Consolidated Accounts for the year ended March 31, 2009



6. FIXED ASSETS

(in Rupees)

PARTICULARS	GROSS BLOCK AT COST				DEPRECIATION/AMORTISATION				NET BLOCK AT COST	
	As at 1.4.2008	Additions/ Transfers	Deductions/ Transfers	As at 31.3.2009	As at 1.4.2008	For the year	Deductions/ Transfers	As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
Land – Freehold	5,57,30,801	—	—	5,57,30,801	—	—	—	—	5,57,30,801	5,57,30,801
– Leasehold	23,49,691	—	—	23,49,691	93,421	5,172	—	98,593	22,51,098	22,56,270
Buildings – Residential*	1,60,62,087	4,54,830	—	1,65,16,917	59,72,390	6,33,382	—	66,05,772	99,11,145	1,00,89,697
– Non-residential	10,02,24,229	—	—	10,02,24,229	5,41,09,053	27,46,376	—	5,68,55,429	4,33,68,800	4,61,15,176
Plant and machinery/Elec. Inst ...	26,50,34,338	33,65,513	—	26,83,99,851	22,93,21,657	46,59,368	—	23,39,81,025	3,44,18,826	3,57,12,681
Furniture and fixtures	69,64,024	4,07,964	—	73,71,988	57,21,928	3,06,449	—	60,28,377	13,43,611	12,42,096
Laboratory, Office & Factory Equipment and Air Conditioners..	2,39,07,438	13,76,348	—	2,52,83,786	1,75,88,199	11,83,584	—	1,87,71,783	65,12,003	63,19,239
Vehicles	69,31,999	31,26,719	12,13,558	88,45,160	36,97,857	9,76,858	7,87,802	38,86,913	49,58,247	32,34,142
Scientific Research – Capital Expenditure:										
Buildings - Non-residential	14,20,149	—	—	14,20,149	13,41,003	3,279	—	13,44,282	75,867	79,146
Plant and machinery	53,75,287	24,49,242	—	78,24,529	43,09,581	2,68,819	—	45,78,400	32,46,129	10,65,706
Furniture and fixtures	6,06,513	25,000	—	6,31,513	5,36,991	14,884	—	5,51,875	79,638	69,522
Laboratory, Office & Factory Equipment and Air Conditioners..	1,32,93,571	11,41,176	—	1,44,34,747	1,12,50,181	3,93,161	—	1,16,43,342	27,91,405	20,43,390
Total	49,79,00,127	1,23,46,792	12,13,558	50,90,33,361	33,39,42,261	1,11,91,332	7,87,802	34,43,45,791	16,46,87,570	16,39,57,866
Previous year	49,48,61,420	37,62,753	7,24,046	49,79,00,127	32,39,03,514	1,07,36,450	6,97,704	33,39,42,261	16,39,57,866	17,09,57,905
Capital Work In progress and advances (advances Rs. 94,335/- (2008 : Rs. Nil)									3,89,335	4,26,817
									16,50,76,905	16,43,84,683

* Includes Rs. 13,50,000/- (2008 : Rs. 13,50,000/-) being the cost of shares held in Zinnia Properties Private Limited.

Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
7. INVESTMENTS		
Long Term at cost		
(A) Other than trade		
(a) Quoted:		
8,100 (2008 : 8,100) equity shares of Rs. 10/- each fully paid up of Bank Of India	3,64,500	3,64,500
2000 (2008 : 2,000) equity share of Rs. 2/- each fully paid-up of Bharat Seats Ltd.	2,000	2,000
	3,66,500	3,66,500
(b) Unquoted:		
Nil (2008 : 1,935) 6.75% tax free US 64 Bonds of Rs. 100/- each ..	—	1,93,500
1,000 (2008 : 1,000) equity shares of Rs. 25/- each of The Shamrao Vithal Co-operative Bank Ltd.	25,000	25,000
2,500 (2008 : 2,500) equity shares of Rs. 10/- each of The Saraswat Co-op. Bank Ltd.	25,000	25,000
5080 (2008 : 5,080) equity shares of Rs. 25/- each of The Zoroastrian Co operative Bank Ltd.	1,27,000	1,27,000
	1,77,000	3,70,500
(B) Trade Investments		
(a) Quoted:		
57,167 (2008 : 57,167) equity shares of Rs. 10/- each of Clariant Chemicals (India) Limited	13,62,502	13,62,502
	13,62,502	13,62,502
(b) Unquoted:		
(i) In Associate company		
26,00,000 (2008 : 24,00,000) equity shares of Rs. 10/- each fully paid up of Inogent Laboratories Pvt. Ltd. (Subscribed to right issue of 2,00,000 shares at a premium of Rs. 70/- per share) ..	4,00,00,000	2,40,00,000
	4,00,00,000	2,40,00,000
(ii) Others		
4,900 (2008 : 4,900) equity shares of Rs. 10/- each of Performance Polymers & Chemicals Pvt. Ltd.	49,000	49,000
	49,000	49,000
	4,19,55,002	2,61,48,502
Less: Provision for diminution in the value of long term investments	49,000	49,000
	4,19,06,002	2,60,99,502
Short term at lower of cost or fair value		
Other than trade		
Mutual Funds units of Rs. 10/- each	4,36,77,765	31,70,532
	4,36,77,765	31,70,532
	8,55,83,767	2,92,70,034
Notes:		
(1) Aggregate cost of quoted investments	17,29,002	17,29,002
Market Value of quoted investments.....	1,30,43,436	1,60,17,563
(2) Aggregate cost of unquoted investments [net of provision Rs. 28,50,820/- (2008 : Rs. 13,78,468/-)]	8,38,54,765	2,75,41,032



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
CURRENT ASSETS, LOANS AND ADVANCES		
8. INVENTORIES		
Raw and packing materials [includes material in transit Rs. 9,52,037/- (2008 – Rs. 77,55,448)]	3,00,85,976	3,37,41,803
Fuel Oil	6,91,491	8,66,366
Work-in-process.....	33,92,646	16,78,120
Finished goods	2,70,19,675	3,49,03,417
	6,11,89,788	7,11,89,706
9. SUNDRY DEBTORS – UNSECURED		
[Considered good unless otherwise stated]		
Debts outstanding		
— Over six months:		
considered good	1,14,13,893	1,29,16,516
considered doubtful.....	17,44,500	7,28,515
	1,31,58,393	1,36,45,031
Other debts	11,17,86,959	8,74,12,414
	12,49,45,352	10,10,57,445
Less: Provision for doubtful debts	17,44,500	7,28,515
	12,32,00,852	10,03,28,930
Includes Rs. 1,26,25,000 (2008 : Rs. Nil) receivable towards compensation from Baker Production Services (UK) Limited		
10. CASH AND BANK BALANCES		
Cash and cheques on hand	80,004	34,59,799
With scheduled banks in:		
Current account.....	3,57,01,728	1,18,08,488
Deposit account	9,83,84,851	76,73,109
	13,41,66,583	2,29,41,396
11. OTHER CURRENT ASSETS		
Prepaid expenses.....	15,97,548	15,38,188
Others	3,27,615	1,88,330
Interest accrued/receivable	29,43,541	45,63,113
Property tax recoverable	—	10,79,642
Service charges	—	13,45,000
	48,68,704	87,14,273

Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
12. LOANS AND ADVANCES		
Unsecured Considered Good (unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
(a) Mobilisation advance to supplier on trading account	—	1,01,00,000
(b) Deferred recoverable from Inogent Laboratories Pvt. Ltd. (Secured by a bank guarantee).....	16,80,00,000	28,00,00,000
(c) Others (includes Rs. 37,289/- (2008 – Rs. Nil) due from SDN Company, firm in which Directors are partner)	2,38,66,896	2,81,78,980
MAT recoverable	62,69,000	—
Taxation (net)	73,66,958	72,81,731
Deposits	98,38,038	98,70,753
Balance with excise authorities.....	82,287	38,925
	<u>21,54,23,179</u>	<u>33,54,70,389</u>
13. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry creditors – Micro and Small Enterprises	2,47,224	—
– Others	5,79,10,217	5,30,41,405
Advances and deposits from customers.....	21,31,744	22,12,369
Deposit for rented premises	1,00,00,000	1,60,00,000
Liability for performance guarantees.....	1,25,28,146	1,25,28,146
Unclaimed dividend*	6,18,305	5,78,168
Other liabilities.....	3,23,69,502	3,34,84,327
Interest accrued but not due	1,20,571	4,13,717
	<u>11,59,25,709</u>	<u>11,82,58,132</u>
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at balance sheet date		
B. Provisions		
Proposed dividend.....	1,44,45,377	91,27,680
Tax on proposed dividend.....	24,54,992	15,51,250
Taxation – net	1,59,741	6,29,724
Gratuity.....	42,05,815	—
Leave encashment.....	79,44,805	56,92,076
Product Performance.....	55,00,021	30,00,000
	<u>3,47,10,751</u>	<u>2,00,00,730</u>
	<u>15,06,36,460</u>	<u>13,82,58,862</u>



Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009 Rupees	2008 Rupees
14. OTHER INCOME		
Commission	14,19,736	18,74,119
Interest (Gross)		
Banks	19,23,292	11,10,142
Associate Company	1,02,53,209	1,46,86,338
Income tax refunds	—	50,850
Others	9,64,496	11,74,263
[Tax deducted at source Rs. 30,84,463 (2008 : Rs. 41,62,809)]		
Dividend:		
on trade Investments	5,71,670	10,29,006
on others	28,61,909	91,579
Profit on sale of fixed assets (net)	—	2,06,714
Exchange difference (net)	—	17,46,679
Miscellaneous Income	43,55,997	65,59,066
Lease rent received	1,54,61,500	1,27,22,000
Bad debts recovered	2,44,843	—
Technical services fees	—	1,11,370
Duty drawback	2,28,916	1,75,372
Sundry balances written back	4,90,523	13,66,374
	3,87,76,091	4,29,03,872
15. MATERIALS		
Raw and packing:		
Opening stock	3,37,41,803	3,39,40,437
Add: Purchases	39,94,12,353	35,01,89,222
	43,31,54,156	38,41,29,659
Less: Closing stock	3,00,85,976	3,37,41,803
Consumption	40,30,68,180	35,03,87,856
Purchases – traded products	1,33,62,793	40,81,603
Decrease/(Increase) in work-in-process and finished goods		
Opening:		
Work-in-progress	16,78,120	1,81,877
Finished goods	3,49,03,417	3,82,49,276
	3,65,81,537	3,84,31,153
Less: Closing:		
Work-in-progress	33,92,646	16,78,120
Finished goods	2,70,19,675	3,49,03,417
	3,04,12,321	3,65,81,537
(Increase)/Decrease	61,69,216	18,49,616
	42,26,00,189	35,63,19,075
16. EMPLOYEES REMUNERATION AND BENEFITS		
Salaries, wages and bonus	6,34,43,738	5,69,71,264
Contribution to provident and other funds	97,33,678	61,83,556
Staff welfare	61,57,113	61,27,619
	7,93,34,529	6,92,82,439

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

Schedules Annexed to and forming part of Consolidated Accounts for the year ended March 31, 2009

	2009	2008
	Rupees	Rupees
17. OTHER EXPENSES		
Consumption of stores and spares (Indigenous)	23,86,504	14,19,132
Power and fuel	2,67,40,328	2,37,49,351
Rent	2,65,305	3,03,628
Repairs & maintenance:		
Buildings	3,57,578	2,46,648
Machinery.....	21,04,466	20,48,616
Others	18,35,180	20,09,771
Insurance.....	13,84,512	17,22,105
Rates and taxes.....	70,40,012	58,50,337
Commission and discount on sales	51,68,616	68,46,742
Donations	6,45,000	3,00,000
Bank charges	43,85,134	33,26,813
Telephone, telex and telegrams	18,51,386	22,17,065
Vehicle expenses	9,65,166	8,26,069
Legal and professional.....	62,03,386	83,74,534
Travelling.....	52,22,347	40,19,661
Directors fees.....	1,25,500	37,500
Exchange difference (net)	26,33,338	—
Excess of cost over fair value of current investments.....	14,72,352	13,29,468
Provision for doubtful debts.....	10,15,985	7,28,515
Bad debts/advance written off	14,97,478	16,90,460
Loss on sale/switch over of investments	24,50,027	9,372
Carriage outward.....	68,56,048	58,13,802
Business promotion	1,06,219	1,01,263
Miscellaneous expenses	1,70,50,631	1,86,91,843
Compensation for deficiency in performance.....	28,13,618	30,12,058
Loss on sale of Assets.....	2,47,978	—
	<u>10,28,24,094</u>	<u>9,46,74,753</u>
18. INTEREST		
On fixed deposits –	2,74,964	8,67,229
including Rs. 2,231 (2008 : Rs. 3,200) paid to Managing Director		
On fixed period loan	7,17,951	44,89,404
On others.....	16,08,045	16,03,719
	<u>26,00,960</u>	<u>69,60,352</u>
19. DEPRECIATION		
As per fixed asset schedule.....	1,11,91,332	1,07,36,450
Less: Transfer from revaluation reserve.....	5,99,660	7,00,318
	<u>1,05,91,672</u>	<u>1,00,36,132</u>
20. EXCEPTIONAL ITEMS – INCOME/(EXPENSES)		
Income:		
Compensation from Baker Production Services (UK) Limited (net of expenses)...	7,32,53,534	—
Expenses:		
Mobilization advance written off.....	(1,01,00,000)	—
	<u>6,31,53,534</u>	<u>—</u>



SCHEDULE 21

Notes to Consolidated Accounts

A. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements relate to Dai-ichi Karkaria Limited and its subsidiaries Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited], where the holding company holds hundred per cent (sixty per cent upto 19th February, 2009) of equity capital and Dai-ichi Gosei Chemicals (India) Limited, where the holding company holds ninety seven percent of equity capital. The consolidated financial statements have been prepared on the following basis:

- The financial statements of the holding company and its subsidiary companies have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating/adjusting intra group balances, transactions and un-realized profits or losses.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting dates as that of the parent company i.e. March 31, 2009.
- Minority interest in the net assets of the consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made and the minority share in the movement in equity since the date the parent subsidiary relationship came into existence. Where the losses applicable to the minority exceed the minority interest in the equity of subsidiary, the excess are adjusted against the majority interest to the extent that the minority has a binding obligation to, and is able to, make good the losses.
- During the year, remaining stake i.e. 40% in Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited] was transferred to the holding company at Nil value per the consent terms between holding company and the joint venture partner. Since, no consideration was paid for such transfer, the minority interest in the said company till the date of transfer is shown as Capital Reserve on Consolidation.

In addition, the status and classification of the holding company's investments in Inogent Laboratories Private Limited (ILPL) and Performance Polymers and Chemicals Private Limited (PPCL) are as under:

- ILPL has been classified as an Associate entity as defined in the Accounting Standard 23 on Accounting for Investment in Associate in the Consolidated Financial Statements (AS-23). However, in terms of the agreement between the shareholders, the company's holding is considered temporary and consequently the investment is not accounted for under the equity method of accounting.
- PPCL has been classified as trade investment as the proposed JV for which the holding company invested in PPCL was not pursued.

Description of business

Dai-ichi Karkaria Limited and its operating subsidiary, Basic Oil Treating (India) Limited [Formerly known as Baker Oil Treating (India) Limited], are engaged in the manufacture and sale of specialty chemicals and exclusive specialty chemicals for the petroleum industry respectively.

Basis of accounting

Consolidated financial statements are prepared under the historical cost convention, in accordance with the requirements of the Companies Act, 1956; except in respect of the revaluation of fixed assets as stated in 'Fixed Assets' below.

Use of estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and other information as at the date of the financial statement and reported amounts of revenue and expenses during the recording period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

Fixed assets [including research and development (R&D) assets]:

(i) Recognition

Recognized at cost of acquisition/construction (inclusive of expenses (net) upto attainment of commercial production) except assets at Kasarwadi, Pune as at April 1, 1993, which is stated at revalued figures as on that date.

SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

(ii) Impairment

The carrying amounts of tangible fixed assets are reviewed for impairment if events or changes in the circumstances indicate that the carrying value of the asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to profit and loss account.

(iii) Depreciation

Depreciation is provided at the rates prescribed in schedule XIV to the Companies Act, 1956 on:

- Written down value method for assets at Kasarwadi, Pune (including R & D assets). Incremental depreciation on revalued assets is adjusted to revaluation reserve.
- Straight line method for fixed assets at Kurkumbh, Pune and at Jėjuri.
- Cost of leasehold land is amortised over the lease period.

Borrowing cost

Interest on specific borrowing related to qualifying assets is included in the cost of asset. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

Research and development

Capital expenditure is shown as fixed asset and accordingly depreciated. All revenue expenditure is charged to profit and loss account.

Investments

Investments are stated at cost and classified as long term or current. Provision is made for diminution, other than temporary, if any, in respect of a long term investments. Current investments are valued at lower of cost and fair value.

Inventory

Inventories are valued at lower of cost and net realizable value, on the weighted average basis, except in respect of inventory of a subsidiary which is valued on First in First out (FIFO) and constitute twelve percent of total inventory. Work in progress and Finished goods are valued on absorption costing basis. Due allowance is made for slow moving and obsolete stocks.

Sundry debtors/loans and advances

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts/advances, if any.

Sales

Revenue is recognized on delivery of product and/or on passage of title to the buyer.

Excise

Excise duty is recognized on goods manufactured.

Employee benefits

The holding company has a gratuity scheme funded with Life Insurance Corporation of India. Payments, determined as per actuarial valuation, under the scheme are charged to profit and loss account. Under this arrangement, in the event of an employee resigning in between/before superannuation, the company has to bear a part of the actual liability which is accounted as and when the event occurs since the differential gratuity may not be material.

Provision for leave encashment has been actuarially determined at the balance sheet date. Actuarial gain and losses are recognized in profit and loss account.

Foreign currency transactions

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Year end balance of monetary items is restated at closing rates. Exchange difference arising on restatement or settlement is charged to profit and loss account.

Premium/discount in respect of forward cover contract is amortized over the period of contract.



SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

Taxation

Provision for current tax is made after taking into account rebate and relief available under Income Tax Act, 1961.

Deferred tax is recognized subject to consideration of prudence, on timing differences between taxable and accounting income that originated in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is a virtual/reasonable certainty of realization.

Provision for Fringe benefit tax is made in accordance with the provision of Income Tax Act, 1961.

Dividend

Provision is made for proposed dividend, including corporate dividend tax thereon, subject to approval of members.

Contingent Liabilities

Contingent liabilities are disclosed after careful evaluation of the facts and legal aspects of the issues involved.

B. Notes:

	2009	2008
	Rupees	Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	2,88,571	6,63,433
2. (a) Contingent Liabilities not provided for:		
(i) Guarantees issued to others by Bank secured by counter guarantee of the company and by charge on the fixed assets, inventories and book debts of the company and personal guarantee of the Chairman of the company.....	3,20,22,334	2,86,51,526
(ii) Guarantee given to Bank of Baroda, for credit facilities extended to Subsidiary company Basic Oil Treating (India) Limited.....	2,25,00,000	1,50,00,000
(iii) Customs duty bonds	5,29,40,967	8,63,70,808
Wage agreement at Kasarwadi Plant was expired on 30th November, 2008. Negotiations with labour union are in progress. Ultimate liability resulting from the said negotiation is not ascertainable		
(b) Claims against the company not acknowledged as debts relating to:		
(i) Central Excise (for final approval of classification of products)	Nil	1,10,632
(ii) Customs duty (for wrong classification of item)	31,620	31,620
(iii) Octroi (wrong classification of raw materials)*	2,38,80,407	1,60,67,717
(iv) Labour matters (back wages and compensation under Workmen Compensation Act).....	28,61,000	28,61,000
(v) Product performance (Refer Note 7).....	29,36,060	29,36,060
(vi) Water Charges (for demand raised by MIDC in relation to usage of water)	67,227	67,227

* Includes Rs. 1,41,97,321/- for which bank guarantee has been given and Shown under 2 (a) (i) above.

SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

3. Employee Benefits:

A. Defined Benefit Plan

The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Amount in Rupees

Particulars	Gratuity	
	31st March, 2009	31st March, 2008
I. Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:		
1. Present Value of Defined Benefit Obligation at the beginning of the year.....	3,69,28,610	3,46,92,891
2. Current Service cost.....	32,27,212	87,65,607
3. Interest Cost.....	17,38,199	21,55,107
4. Losses (gains) on Curtailment.....	—	—
5. Liabilities extinguished on settlements.....	—	—
6. Plan ammendments.....	—	—
7. Past Service cost.....	—	—
8. Actuarial (gains)/losses.....	32,25,988	(56,83,477)
9. Benefits paid.....	(26,38,302)	(30,01,518)
10. Present value of Defined Benefit Obligation as on Balance Sheet date.....	4,24,81,707	3,69,28,610
II. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
1. Fair value of Plan assets as at the beginning of the year ...	3,62,74,763	3,44,35,190
2. Expected return on plan assets.....	29,09,117	27,77,835
3. Actuarial gains/(losses).....	3,21,965	2,74,751
4. Actual contributions by employers.....	14,08,349	17,88,505
5. Benefits paid.....	(26,38,302)	(30,01,518)
6. Plan assets as on Balance Sheet Date.....	3,82,75,892	3,62,74,763
III. Analysis of Defined Benefit Obligation:		
1. Defined Benefit Obligation as at 31st March.....	4,24,81,707	3,69,28,610
2. Fair Value of Plan assets at the end of the year.....	3,82,75,892	3,62,74,763
3. Net Asset/(Liability) recognized in the Balance Sheet as on Balance Sheet Date.....	(42,05,815)	(6,53,847)
IV. Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet:		
1. Present value of Defined Benefit Obligation.....	4,24,81,707	3,69,28,610
2. Fair value of plan assets.....	3,82,75,892	3,62,74,763
3. Funded status [Surplus/(Deficit)].....	(42,05,815)	(6,53,847)
4. Unrecognized Past Service Costs.....	—	—
5. Net Asset/(Liability) recognized in Balance Sheet.....	(42,05,815)	(6,53,847)



SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

Amount in Rupees

Particulars	Gratuity	
	31st March, 2009	31st March, 2008
V. Components of employer expenses recognized in the statement of profit and loss		
1. Current Service cost	32,27,212	87,65,607
2. Interest cost	17,38,199	21,55,107
3. Expected return on plan assets	(29,09,117)	(27,77,835)
4. Curtailment cost/(credit)	—	—
5. Settlement cost/(credit)	—	—
6. Past Service cost	—	—
7. Actuarial Losses/(Gains)	29,04,023	(59,58,228)
8. Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds....	49,60,317	21,84,651
VI. The Category of Plan assets – 100% Qualifying insurance policy (Insurer managed fund)		
VII. Principal Actuarial Assumptions:	31st March, 2009	31st March, 2008
1. Discount Rate (%)	7.25%/7.75%	8%
2. Expected Return on plan assets (%)	8%	8%
3. Salary escalation (%)	5%	5%
4. Medical cost inflation	N A	N A
VIII. Experience History:	31st March, 2009	31st March, 2008
1. Experience adjustments on plan liabilities (Gain)/Loss	19,95,430	—
2. Experience adjustments on plan assets (Loss)/Gain	3,21,965	—
3. Defined Benefit Obligation at the end of the period	4,24,81,707	3,69,28,610
4. Plan Assets at the end of the period	3,82,75,892	3,62,74,763
5. Funded Status	(42,05,815)	(6,53,847)

IX. Contributions expected to be paid to the plan during the next financial year – 15,00,000

- (a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- (b) Expected Rate of Return of Plan Assets: This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- (c) Salary Escalation Rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

B. Defined Contribution Plan

Amount recognized as an expense in the Profit & Loss Account in respect of Defined Contribution Plan is Rs. 42,51,924/- (2008 : 35,62,520/-).

4. Excise duty

	2009	2008
	Rupees	Rupees
(1) Excise duty shown as reduction from turnover	6,50,96,939	7,96,66,644
(2) Excise duty charged to profit and loss account:		
Difference between closing stock and opening stock	(27,89,017)	(11,68,607)
Short recoveries/samples etc.	27,129	66,911
Total	(27,61,888)	(11,01,696)

- 5. Under the package scheme of incentive for industries in backward area, the company has been sanctioned deferral of payment of sales tax collection for a period of 74 months commencing August 1, 2000 up-to an amount of Rs. 4,84,42,000/- for the Kurkumbh unit at Pune.

SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

The deferred amount aggregating Rs. 1,28,21,540/- (2008 : Rs. 1,23,36,489/-) is recognized as unsecured loan and is payable after a moratorium period of 10 years in 5 yearly equal installments which commence from year 2011.

6. Against mobilization advance of Rs. 1,01,00,000/- given to Rutvij Chemicals Limited (Rutvij), the company's summary suit filed at the Honourable High Court of Mumbai was heard and the Honourable High Court directed defence to deposit Rs. 1,01,00,000/- within a period of 16 weeks commencing June 14, 2005, which has not been complied with. The Honourable High Court of Mumbai had granted a decree in favour of the company. Application for execution of decree was made by the company.

Pursuant to the application for execution of the decree made by the Company, The Honourable High court, Mumbai vide judgment dated 16/9/2008, had directed the Court Receiver to attach the movable properties of Rutvij lying in the state of Madhya Pradesh; sell the said moveable properties, by public auction or private treaty; hand over the net sale proceeds to DIK in satisfaction of the decree.

As per aforesaid order dated 16/9/08, the Court receiver had fixed appointment for taking possession and inspection of the property with Rutvij. However, in view of certain claims made by secured creditors on the property of Rutvij, the possession of the property was deferred by the management.

Subsequently, in view of the uncertainty in recoverability of the debt and the period that may be required to recover the debt, the Board of directors have decided to write off the balance outstanding amount of Rs. 1,01,00,000/- (after writing off Rs. 60,00,000/- in 2006 as non recoverable).

7. Oil and Natural Gas Corporation Limited (ONGC):

In the arbitration proceedings under order no C/1438-a and C/1438-b of September 12, 1986, arbitrator declared the award and directed the ONGC to pay Rs. 55,45,325/- after retaining Rs. 29,36,060/- for dosage compensation and release of bank guarantee.

The Company and ONGC have filed appeals against the award hence no adjustment have been recognized in the accounts.

8. Future minimum lease payment under non-cancellable operating lease

Particulars	For the year ended on 31st March, 2009	(Rupees) For the year ended on 31st March, 2008
(i) Not later than one year.....	64,57,500	1,54,61,500
(ii) Later than one year and not later than five years.....	—	64,57,500
(iii) Later than five years	—	—
Total	64,57,500	2,19,19,000

Company has leased out commercial premises for a period of 2-3 years.

9. Taxation – Current includes – wealth tax of Rs. 2,15,800/- (2008 : Rs. 2,00,000/-).
10. Provision for current taxation represents provision for Minimum Alternate Tax under section 115JB of the Income Tax Act, 1961.
11. Research and development expenditure:

	2009 Rupees	2008 Rupees
Revenue.....	70,25,442	51,91,493

12. Principal amount payable to Micro and Small Enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March, 2009 is Rs. 2,42,536/- (2008 : Rs. Nil) including unpaid amounts of Rs. Nil (2008 : Rs. Nil) outstanding for more than 45 days. No interest is due there on.

13. Auditors' remuneration:

	2009 Rupees	2008 Rupees
Audit Fees.....	12,02,000	5,77,000
Expenses and incidentals.....	28,906	66,031
Payment for other services.....	11,25,000	8,60,175
Total.....	23,55,906	15,03,206



SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

14. Segment reporting:

The company is principally engaged in single business segment – manufacturing of specialty chemicals and operates materially in one geographical segment as per Accounting Standard 17 on segment reporting.

15. During the year management has reviewed the identification and classification of related party relationships. Based on this review the related party relationships identified and transactions with them are detailed below:

A. Relationships:

- (i) Key management personnel
Mrs. S. F. Vakil — Managing Director (SFV)
- (ii) Relatives of key management personnel
Mr. D. M. Neterwala — Father of Managing Director (DMN)
Mr. F. A. Vakil — Spouse of Managing Director (FAV)
- (iii) Other related parties
Chemicals & Ferro Alloys Limited (CFAL)
Universal Ferro & Allied Chemicals Limited (UFACL)
Indian Oxides & Chemicals Limited (IOCL)
Uni Klinger Limited (UKL)
Uni Abex Alloy Products Limited (UAPL)
SDN Company (SDNC)
Commercial Building Syndicate (CBS)
Rose Investments Limited (RIL)
General Pharmaceuticals Pvt. Ltd. (GPPL)
Viva Chem Pvt Ltd. (VCPL)
Performance Polymers & Chemicals Pvt. Ltd. (PPCPL)
Uni Deritend Ltd. (UDL)
Oil Field Instrumentation Ltd. (OFIL)
Neterson Technologies Pvt. Ltd. (NTPL)
Netal India Ltd. (NIL)
Netmech Engg. Pvt. Ltd. (NEPL)
Inogent Laboratories Private Limited (ILPL)

Note: Related party relationship is as identified by the company and relied upon by the auditors.

B. Transactions carried out with related parties referred in A above, in ordinary course of business:

Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total (Rupees)
Purchase of Goods	64,90,842	—	—	80,77,476
	IOCL			
	8,01,903			
	GPPL			
	6,78,928			
	NIL			
	1,05,803			
	Others			
	(22,89,531)	(—)	(—)	(26,68,353)
	IOCL			
	(3,29,662)			
	GPPL			
	(49,160)			
	Others			

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total
Sales of Goods.....	1,14,00,119	—	—	1,54,11,928
	IOCL			
	37,08,591			
	VCPL			
	3,03,218			
	Others			
	(47,66,816)	(—)	(—)	(70,27,248)
	<i>IOCL</i>			
	(21,62,399)			
	<i>VCPL</i>			
	(98,033)			
	<i>Others</i>			
Rent.....	2,44,571	—	—	2,44,571
	CBS			
	(2,45,848)	(—)	(—)	(2,45,848)
	<i>CBS</i>			
Rendering of Services	31,50,000	—	—	41,15,312
	ILPL			
	3,93,575			
	IOCL			
	2,60,773			
	SDN			
	3,10,964			
	Others			
	(54,00,000)	(—)	(—)	(56,21,724)
	<i>ILPL</i>			
	(2,21,724)			
	<i>Others</i>			
Receiving of Services	2,19,872	—	—	2,19,872
	SDNC			
	(2,03,705)	(—)	(—)	(2,29,895)
	<i>SDNC</i>			
	(26,190)			
	<i>UFACL</i>			
Interest Received.....	1,02,53,209	—	—	1,02,53,209
	ILPL			
	(1,46,86,338)	(—)	(—)	(1,46,86,338)
	<i>ILPL</i>			
Remuneration	—	3,253,458	—	32,53,458
	(—)	(3,065,980)	(—)	(30,65,980)
Interest paid-on Fixed Deposit	—	2,231	1,622	3,853
	CFAL	SFV	FAV	
	(6,884)	(3,200)	(2,800)	(12,884)
	<i>CFAL</i>	<i>SFV</i>	<i>FAV</i>	



SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

Nature of transactions	Associate entities	Key management personnel	Relatives of key management personnel	Total
Investments	4,00,00,000	—	—	4,00,49,000
	ILPL			
	49,000			
	Others			
	(2,40,00,000)	(—)	(—)	(2,40,49,000)
	ILPL			
	(49,000)			
	Others			
Outstanding Debtors	59,40,188	—	—	66,40,084
	IOCL			
	6,56,417			
	VCPL			
	43,479			
	Others			
	(13,45,000)	(—)	(—)	(21,83,802)
	ILPL			
	(7,97,704)			
	VCPL			
	(41,098)			
	Others			
Outstanding Receivables	26,87,617	—	—	27,32,671
	ILPL			
	45,054			
	Others			
	(44,96,708)	(—)	(—)	(46,40,576)
	ILPL			
	(1,43,868)			
	Others			
Outstanding Payables	1,94,033	—	—	2,31,482
	IOCL			
	37,449			
	Others			
	(2,334)	(—)	(—)	(2,334)
	VCPL			
Outstanding Loan	16,80,00,000	—	—	16,80,00,000
	ILPL			
	(28,00,00,000)	(—)	(—)	(28,00,00,000)
	ILPL			
Outstanding Fixed Deposits	—	—	—	—
		SFV	FAV	
	(—)	(40,000)	(35,000)	(75,000)
		SFV	FAV	

Note: Figures in bracket relate to previous year.

DAI-ICHI KARKARIA LIMITED AND IT'S SUBSIDIARIES

SCHEDULE 21

Notes to Consolidated Accounts for the year ended March 31, 2009 (Contd.)

16. Earnings per share:

	2009	2008
	Rupees	Rupees
(A) Before exceptional items and after tax:		
Profit as per accounts.....	40,761,868	25,125,027
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.....	7,606,400	7,606,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	5.36	3.30
(B) After exceptional items and tax:		
Profit as per accounts.....	103,915,402	25,125,027
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share.....	7,606,400	7,606,400
Nominal value per share (Rs.).....	10	10
Basic and diluted earnings per share (Rs.).....	13.66	3.30

17. Financial and derivative instrument disclosure:

(a) The following is the outstanding forward exchange contract entered into by the Company as on 31st March, 2009.

As at 31/03/2009				As at 31/03/2008			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
US Dollar	1,10,751	Buy	Indian Rupees	US Dollar	7,52,529	Buy	Indian Rupees

(b) All derivative and financial instruments acquired by the Company are for hedging purpose.

(c) Un-hedged foreign currency exposure:

	2009	2008
	Rupees	Rupees
Particulars		
Debtors.....	49,87,759	11,96,064
Creditors.....	80,66,255	1,06,61,068
Secured Loans.....	—	50,87,749

18. Figures are regrouped and rearranged, wherever necessary.

Signatures to Schedules '1' to '21'

For and on behalf of the Board

S. F. Vakil Vice Chairperson and Managing Director

K. D. Patel Director

Dr. Anil Naik Director

Jimmy Bilimoria Director

Nitin Nimkar General Manager – Finance

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

Detail of Subsidiaries for the year 2008-09

		(Rs. in 000)	
Sr. No.	Name of Subsidiary Company	Basic Oil Treating (India) Ltd.	Dai-ichi Gosei Chemicals (India) Ltd.
1	Capital.....	11,250	500
2	Reserves.....	14,163	—
3	Total Assets.....	65,018	797
4	Total Liabilities.....	65,018	797
5	Details of Investment.....	27	—
6	Total Income	167,483	—
7	Profit before taxation	28,541	—
8	Provision for taxation	1,345	—
9	Profit after taxation	27,196	—
10	Proposed Dividend.....	—	—

For and on behalf of the Board

S. F. Vakil

Vice Chairperson and Managing Director

K. D. Patel

Director

Dr. Anil Naik

Director

Jimmy Bilimoria

Director

Nitin Nimkar

General Manager – Finance

Place : Mumbai
Date : June 29, 2009

Kavita Thadeshwar
Company Secretary

DIRECTORS' REPORT

The Directors are pleased to present their Nineteenth Annual Report on the business and operations of the company, together with the Audited Statement of Accounts for the year ended 31st March, 2009.

Financial Results

	2008-2009	2007-2008
	Rs.	Rs.
Sales and Other Income	18,08,85,093	14,86,53,375
Gross Profit/(Loss)	3,29,35,205	1,61,38,037
Depreciation	14,76,713	15,16,871
Interest	29,17,438	45,73,435
Net Operating Profit/(Loss) before Extraordinary expenses/ Prior Period Expenses	2,85,41,054	1,00,47,731
Extraordinary/Prior Period Expenses	NIL	NIL
Provision for Taxation	13,44,671	5,79,380
Profit/(Loss) after Taxation	2,71,96,383	94,68,351
Proposed Dividend	NIL	NIL
Income Tax on Proposed Dividend	NIL	NIL
Balance Brought Forward	(1,55,33,154)	(2,50,01,506)
Balance Carried Forward to Balance Sheet	1,16,63,229	(1,55,33,154)

Dividend

The Directors regret their inability to recommend any dividend on shares for the year ended 31st March, 2009.

Financial Performance

Company has achieved an impressive Sales Turnover of Rs. 1,798 lacs for the current Financial Year resulting in an increase of Rs. 328 lacs in sales (mainly due to higher Sales to CEIL, BG & increase in Exports to CTCL-Taiwan).

Finance

The Company continued to enjoy credit facilities of Rs. 90 lacs from the Bank of Baroda, in addition to Bank Guarantee Limits of Rs. 135 lacs from the said Bank.

The Company has made a provision for the payment of Interest to its Holding Company – Dai-ichi Karkaria Ltd. for a sum of Rs. 15.32 lacs. The said interest has been calculated @ 14.75% per annum (current rate payable by Dai-ichi Karkaria Ltd. to its bankers) on overdue Sales Bills, over 60 days, for the delay in payment.

Company becoming Wholly Owned Subsidiary Company of Dai-ichi Karkaria Ltd.

The Joint Venture in the Company between Baker Production Services (UK) Ltd. and Dai-ichi Karkaria Ltd. was terminated by mutual consent on February 18, 2009. Pursuant to the dissolution agreement the entire shareholding of Baker Production Services (UK) Ltd. (40%) was transferred to Dai-ichi Karkaria Ltd. thereby making the Company a wholly owned subsidiary of Dai-ichi Karkaria Ltd.



Change of name

The members of the Company had at the Extra-ordinary General Meeting held on April 21, 2009 approved the change of name of the Company to Basic Oil Treating (India) Ltd. and the amendments in the Memorandum and Articles of Association of the Company. The aforesaid changes are approved by the Ministry of Company affairs on May 22, 2009.

ISO Quality Certification

Following the award of the ISO 9001 certification in 1999 by DNV of the Netherlands, the system was maintained as per the requirements. The validity of the certificate was expired in Feb. 2006 and subsequently we have been awarded with new certificate, valid up to April, 2009, according to the revised 2,000 standards, after successful re-certification audit by DNV this year.

Performance

The Company was successful in achieving 22% increase in the revenue over the last year, which is mainly due to the continued extension of chemical supply contract from CEIL and increased supply of process chemicals to BG. In addition, increased export order from CTCL has resulted in achieving more than the targeted sales turnover.

Business Prospects

In view of the loss of the chemical contract from CEIL-Rawa field, which expires on 31st May, 2009, the Company now plans to concentrate and strive harder this year to broaden the customer base for the existing product lines as well as introduce some new applications such as refinery fuel PPD's, cost effective demulsifiers etc. In this regard, we will be strengthening our R&D efforts, with the help of holding company, to identify some new cost effective formulations to improve our business volumes with ONGC and OIL.

In addition, we are also working on increasing our existing export business of already approved product, Ni Passivator, and introduce additional products such as PPD and Demulsifiers, with the help of experienced agencies in the industry. With this the Company expects to register a projected business turnover, with improved margins that will serve to further strengthen the Company's bottom line.

Directors

Nominee Directors of Baker Production Services (UK) Ltd. viz. Mr. Patrick Marfone Mr. Gerald Crader and Mr. Phillip Jackson have resigned as Directors of the Company w.e.f. February 19, 2009.

Mr. Jimmy Bilimoria has been appointed as the Additional Director of the Company w.e.f. March 25, 2009 and holds office upto the date of this Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. K. D. Patel retires by rotation and is eligible for re-appointment.

The Board of Directors recommends their appointment/re-appointment.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information 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 is given in Annexure and forms part of the Report.

The Company presently has no employees of category specified under section 217(2A) of the Companies Act, 1956, during the financial year.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any.

- (ii) appropriate accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the period April 1, 2008 to 31st March, 2009;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis.

Auditors

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and being eligible are recommended for re-appointment to audit the accounts of the Company for the financial year 2009 – 2010.

Statutory Compliance

Compliance Certificate as required under proviso to sub-section(1) of Section 383A of the Companies Act, 1956 obtained from a Secretary in Whole Time Practice is attached herewith and forms part of the Report.

Industrial Relations

The Company has recruited personnel in various disciplines commensurate with present and future needs, taking into account the size of the operation.

The industrial relations during the year were cordial.

General

The Directors wish to express their appreciation for the dedicated and concrete efforts of all the employees.

The Directors also wish to record their gratitude to customers, holding company, financial institutions, banks and all other stakeholders for their continued assistance and support.

For and on behalf of the Board

Mrs. S. F. Vakil

Director

Mr. K. D. Patel

Director

Place: Mumbai

Date : June 29, 2009



ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION REQUIRED AS PER SECTION 217 OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

Conservation of Energy:

a. ENERGY CONSERVATION MEASURES TAKEN:

The Company has been giving priority to conservation of energy on continuous basis by closely monitoring the energy consuming equipment and by optimizing the use of steam and maintaining a close liaison between energy generating centers and consuming points. Key executives have been given the task of monitoring energy consumption and identifying areas and means of further conservation.

- i. Power capacitors have been installed to improve power factor.
- ii. Boiler cleaning and descaling is done regularly to improve efficiency.

b. ADDITIONAL INVESTMENT PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF ENERGY CONSUMPTION: NIL

c. IMPACT OF THE MEASURES AT (i) & (ii) ABOVE ON REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS:

The total power consumption has gone up for the current year as compared to the last year. However there is a decrease in the consumption of fuel oil as compared to the last year.

d. TOTAL ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A:

A. POWER AND CONSUMPTION	2008-2009	2007-2008
a. ELECTRICITY		
1. Purchased		
i. Units – KWH	39,704	32,148
ii. Purchase Cost – Rs.	293,400	371,610
iii. Rate per unit	7.39	11.56
2. Own Generation		
— Through Diesel Generator		
I. Units generated/KWH	N.A.	N.A.
II. Diesel used in K. Liters	N.A.	N.A.
III. Cost of Diesel of Oil	N.A.	N.A.
IV. Cost of Diesel per unit generated – Rs.	N.A.	N.A.
— Through steam/Turbine		
b. COAL USED	Nil	Nil
c. FURNACE OIL		
(instead of furnace oil we are using diesel – as fuel for Boiler)		
1. Quantity used in K. Liters	0.93	N.A.
2. Cost of Diesel – Rs.	34,384	N.A.
3. Average rate – Rs./Ltr.	36.81	N.A.
d. OTHER INTERNAL GENERATION:		
1. Lower Sulphur heavy stock	Nil	Nil
2. Internally generated fuel – steam	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION IN MT:	46.16	50.03
ELECTRICITY – KWH		

FORM B FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

I. Research & Development:

Application Development work is carried out from the laboratory in Jejuri.

1. Specific areas in which R & D is carried out.

The Development work is carried out in area of Demulsifier, Corrosion Inhibitors, Wax Dispersants, Biocide etc. for the oil processing and oil production industry. The focus is on developing the most cost effective solutions for various applications.

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

Existing formulations were improved and new products developed for some fields, including import substitution.

3. Future plan of action.

More development work for newer applications will be carried out in the area of PPD's, Demulsifiers, Water Injection chemicals and Corrosion Inhibitors.

II. Expenditure on R & D.

a. Capital – Rs.	Nil
b. Recurring – Rs.	65,104/-
c. Total – Rs.	65,104/-
d. Total R & D as a percentage of Turnover	0.04%

III. Technology Absorption and Innovation:

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

Constant liaison is maintained with the holding company, M/s. Dai-Ichi Karkaria Limited, to upgrade existing products.

2. Benefits derived as a result of the above efforts:

Improvement in product performance, reduction in cost and potential for saving on foreign exchange in future.

3. Information in the case of imported technology : None

IV. Foreign Exchange Earning and outgo:

Rs. in lacs

Export on FOB basis

Foreign Exchange Earned through	Export	119.53
Foreign Exchange used for imports	Raw Materials	47.69
	Finished Goods	Nil
	Capital Goods	Nil
Other remittance:		Nil



COMPLIANCE CERTIFICATE

THE MEMBERS OF

BASIC OIL TREATING (INDIA) LIMITED

(Formerly known as BAKER OIL TREATING (INDIA) LIMITED)

We have examined the registers, records, books and papers of **BASIC OIL TREATING (INDIA) LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company, is registered under CIN No. U24110MH1990PLC055089 with the Registrar of Companies, Maharashtra and having its Registered Office at Liberty Building, Sir. Vithaldas Thackersey Marg, Mumbai 400 020 and has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 5 (Five) times on the under mentioned dates :
26th June, 2008
17th September, 2008
11th December, 2008
19th February, 2009
25th March, 2009
in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the year.
6. The 18th Annual General Meeting for the financial year ended on 31st March, 2008 was held on 1st September, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes book of the Company.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has entered into certain contracts/arrangements for services sold which were of special nature, which are outside the purview of Section 297 of the Act.
10. There are no contracts or arrangements that need to be entered into the register maintained in pursuance to section 301 of the Act. The Company has made necessary entries in the register maintained under section 301(3) of the Act.
11. As there are no instances which are covered by the provisions of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, members and Central Government.
12. The Board of Directors has approved the issue of duplicate share certificates during the financial year.
13. The Company has:
 - (i) delivered all the certificate on lodgment thereof for transfer in accordance of the provisions of the Act and there was no allotment/transmission of securities during the financial year.
 - (ii) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - (iii) not been required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of additional director have been duly made. There was no appointment of alternate directors and directors to fill casual vacancy during the financial year.

BASIC OIL TREATING (INDIA) LIMITED
(FORMERLY KNOWN AS 'BAKER OIL TREATING (INDIA) LIMITED')

15. The Company has not appointed any Managing Director/Wholtime Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act.
18. All the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder except Mr. P. A. Marfone, Mr. P. S. R. Jackson and Mr. Gerald Crader who have subsequently resigned as directors of the Company.
19. The Company has not issued any shares/debentures/ other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/ debentures and hence there was no redemption of Preference shares/ debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling with in the purview of sections 58A during the financial year.
24. Except for an unsecured loan from the holding Company, the Company has not made any borrowings during the financial year.
25. The Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the Financial Year.
31. There was no prosecution initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial year for offences, if any, under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has deposited both employees and employers contribution to Provident Fund with the prescribed authorities pursuant to Section 418 of the Act.

T. M. Khumri & Co.,
Company Secretaries

Office Address :
12-13, Esplanade, 3rd Floor
3, A. K. Nayak Marg,
Fort Mumbai -400 001.
Place: Mumbai
Date: June 29, 2009

(Taizoon M. Khumri FCS. 993)
(Proprietor)
Certificate of Practice No. 88

This certificate has been issued at the request of BASIC OIL TREATING (INDIA) LIMITED Mumbai for the purpose of issue of Compliance Certificate under proviso to sub section (1) of Section 383A of the Companies Act, 1956 and is not to be transmitted to anyone else nor is it to be relied upon by anyone else or for any purpose or quoted or referred to in any document or filed with anyone without our expressed written consent. This Certificate is strictly limited to the matters expressly addressed herein and no certification is implied or may be inferred beyond the matters expressly stated herein. This Certificate is not to be read as certification with respect to any other factual or legal matters.



Annexure A

Annexed to the Compliance Certificate dated June 29, 2009 Registers as maintained by the Company

1. Application for and Allotment of Shares Register
2. Register of Members U/s. 150 for Equity Shareholders.
3. Register of Charges U/s.143
4. Register of Transfers
5. Register of Directors, Managing Directors etc. U/s. 303.
6. Register of Directors Shareholdings U/s. 307.
7. Attendance Register
8. Register of Contracts U/s. 301.
9. Register of Contracts, Companies and Firms in which Directors are interested U/s. 301(3).
10. Board Minutes Book and General Body Minutes Book Under Section 193.
11. Books of Accounts U/s. 209.
12. Register of Fixed Assets
13. Register of Investments under section 49(7)

Note :

The Company has not maintained the following registers as there were no entries/transactions to be recorded therein

1. Register of deposits under section 58A
2. Index of members under section 151.
3. Register of Securities Bought Back under section 77A.
4. Register and Index of Debenture Holders under section 152.

Annexure B

Annexed to the Compliance Certificate dated June 29, 2009

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009.

1. Form No. 20B i.e., Annual Return filed under section 159 of the Act made upto 1st September, 2008 filed under section 159 with normal filing fees.
2. Form No. 23AC and 23ACA i.e., Annual Accounts filed under section 220 for 31.03.2008 with normal filing fees.
3. Form No. 66 i.e., Compliance Certificate filed under proviso to Section 383A(1) for 31.03.2008 with normal filing fees.
4. Filed Form DIN3 filed under section 266(E) of the Act with normal filing fees.
5. Form 1A for availability of name for change of name.
6. Form 32 filed under section 303(2) of the Act for appointment of Mr. Jimmy Soli Bilimoria as an Additional Director with normal filing fees.
7. Form 32 filed under section 303(2) of the Act for resignation of Mr. P. S. R Jackson and Mr. Gerald J Crader with normal filing fees.

**AUDITORS' REPORT TO THE MEMBERS OF BASIC OIL TREATING (INDIA) LIMITED
(FORMERLY KNOWN AS 'BAKER OIL TREATING (INDIA) LIMITED')**

1. We have audited the attached Balance Sheet of Basic Oil Treating (India) Limited (Formerly known as 'Baker Oil Treating (India) Limited') as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (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 the books;
 - (c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of section 274 (1) (g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner

Membership No. : 38320

Place : Mumbai

Date : June 29, 2009



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses (vi), (viii), (xii), (xiii), (xiv), (xv), (xviii), (xix), (xx) of Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Management has physically verified a substantial portion of the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
 - (c) A substantial part of the fixed assets have not been disposed of during the year.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified as at the year end by the management. 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) The Company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of accounts.
- (iii) The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
Sub-clauses (b), (c), (d), (f), and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that most of the items purchased are of a special nature and comparable alternative quotations are not available, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) Based upon the audit procedures performed and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956.
Sub-clause (b) is not applicable.
- (vi) The Company has an internal audit system commensurate with its size and nature of its business.
- (vii) (a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues, including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other material statutory dues with the appropriate authorities during the year. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which has remained outstanding as at 31st March, 2009 for period of more than six months from the date they become payable, except for an amount of Rs. 512,797/- being interest under the Central Sales Tax Act, 1956.
(b) There are no Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess that have not been deposited on account of any dispute.

BASIC OIL TREATING (INDIA) LIMITED
(FORMERLY KNOWN AS 'BAKER OIL TREATING (INDIA) LIMITED')

- (viii) The Company does not have any accumulated losses as at 31st March, 2009. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (ix) Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
- (x) The term loans raised during the year were applied for the purpose for which they were raised.
- (xi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long term investment.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata

Partner

Membership No. : 38320

Place : Mumbai

Date : June 29, 2009



BALANCE SHEET AS AT MARCH 31, 2009

	Schedule	March 31, 2009		March 31, 2008	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS.					
Share Capital	1	1,12,50,000		1,12,50,000	
Reserves and Surplus	2	1,41,63,229		25,00,000	
			2,54,13,229		1,37,50,000
LOAN FUNDS					
Secured	3	12,12,610		71,91,499	
Unsecured	4	14,48,299		14,48,299	
			26,60,909		86,39,798
Deferred tax (net)	5		21,42,067		25,99,396
			3,02,16,205		2,49,89,194
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross block.....	6	3,31,73,326		3,31,22,188	
Less: Depreciation/Amortisation		1,96,32,253		1,89,43,342	
Net block.....		1,35,41,073		1,41,78,846	
			1,35,41,073		1,41,78,846
INVESTMENTS					
CURRENT ASSETS, LOANS AND ADVANCES	7		27,000		27,000
Inventories.....	8	1,31,03,077		98,42,832	
Sundry debtors.....		1,56,91,236		1,40,67,049	
Cash and bank balances		51,78,136		17,06,886	
Loans and advances		1,74,77,511		2,01,20,007	
		5,14,49,960		4,57,36,774	
CURRENT LIABILITIES AND PROVISIONS					
Liabilities	9	2,83,24,078		4,62,93,130	
Provisions		64,77,750		41,93,450	
NET CURRENT ASSETS/(LIABILITIES)		3,48,01,828	1,66,48,132	5,04,86,580	(47,49,806)
PROFIT AND LOSS ACCOUNT.....			—		1,55,33,154
			3,02,16,205		2,49,89,194
NOTES TO THE ACCOUNTS	15				

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

For and on behalf of the Board

S. F. Vakil Director

K. D. Patel Director

Jimmy Billimoria Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	Schedule	April-08 to March-09		April-07 to March-08	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Turnover (Gross)		17,97,57,851		14,69,73,073	
Less : Excise on Sales		1,34,02,576		1,99,32,228	
Turnover (Net)			16,63,55,275		12,70,40,845
Other income	10		11,27,242		16,80,302
TOTAL			<u>16,74,82,517</u>		<u>12,87,21,147</u>
EXPENDITURE					
Materials	11		11,13,48,914		9,27,46,533
Excise on change in stock			(3,95,511)		2,68,858
Employee's Remuneration and Benefits	12		58,25,842		51,53,657
Other	13		1,77,68,067		1,44,14,062
Interest	14		29,17,438		45,73,435
Depreciation			14,76,713		15,16,871
TOTAL			<u>13,89,41,463</u>		<u>11,86,73,416</u>
Profit/(Loss) before Taxation			2,85,41,054		1,00,47,731
Taxation — current		32,48,000		6,83,000	
— MAT credit		(16,00,000)		—	
— deferred		(4,57,329)		(2,44,909)	
— Fringe benefit		1,54,000		1,41,289	
			13,44,671		5,79,380
Profit/(Loss) after Tax			2,71,96,383		94,68,351
Balance being deficit brought forward			(1,55,33,154)		(2,50,01,505)
Balance being surplus/(deficit) carried to balance sheet			1,16,63,229		(1,55,33,154)
NOTES TO THE ACCOUNTS	15				
Basic and diluted earning per share			24.17		8.42

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

For and on behalf of the Board

S. F. Vakil Director
K. D. Patel Director
Jimmy Bilimoria Director



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended on 31st March, 2009	For the year ended on 31st March, 2008	Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation.....	2,85,41,054		1,00,47,731
Adjustment for:			
Interest expenses.....	29,17,438	45,73,435	
Depreciation.....	14,76,713	15,16,871	
Loss on sale of fixed assets.....	2,47,978	5,634	
Interest and Dividend Income.....	(2,91,744)	(1,24,228)	59,71,712
Operating profits before working capital changes	3,28,91,439		1,60,19,443
Working capital changes.....			
Inventories.....	(32,60,245)	3,14,603	
Sundry Debtors.....	(16,24,187)	9,92,676	
Loans and advances.....	41,64,351	(23,24,577)	
Current liabilities and other provisions.....	(1,53,41,865)	(1,10,18,999)	(1,20,36,297)
Cash generated from operations.....	1,68,29,493		39,83,146
Income taxes paid during the year.....	37,80,109		1,70,371
Net Cash flow from operating activities	1,30,49,384		38,12,775
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets.....	(12,64,696)		(4,21,528)
Sale of fixed assets.....	1,77,778		3,000
Interest and dividend received.....	2,78,015		1,00,034
Net Cash used in investing activities.....	(8,08,903)		(3,18,494)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Long Term Borrowings:			
Proceeds.....	6,80,000	—	
Repayment.....	(1,32,305)	(1,64,351)	
Short Term Borrowings.....	(65,26,584)	(2,18,590)	(3,82,941)
Interest paid.....	(27,90,342)		(48,32,932)
Net Cash used in financing activities.....	(87,69,231)		(52,15,873)
Net increase/(decrease) in Cash and Cash equivalent.....	34,71,250		(17,21,592)
CASH AND CASH EQUIVALENT (Opening Balance)	17,06,886		34,28,478
CASH AND CASH EQUIVALENT (Closing Balance)	51,78,136		17,06,886
Net increase/(decrease) in Cash and Cash equivalent.....	34,71,250		(17,21,592)

As per our report of even date

For **Deloitte Haskins & Sells**
Chartered Accountants

Shyamak R. Tata
Partner
Membership No. 38320

Place : Mumbai
Date : June 29, 2009

For and on behalf of the Board

S. F. Vakil Director

K. D. Patel Director

Jimmy Bilimoria Director

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

	March 31, 2009		March 31, 2008
	Rupees	Rupees	Rupees
SCHEDULE 1:			
SHARE CAPITAL			
AUTHORISED			
25,00,000 (2008 : 25,00,000) Equity Shares of Rs. 10/- each.....		2,50,00,000	2,50,00,000
ISSUED, SUBSCRIBED AND PAID UP			
11,25,000 (2008 : 11,25,000) Equity Shares of Rs. 10/- each fully paid		1,12,50,000	1,12,50,000
(All the above (2008 : 6,75,000) Equity Shares are held by Dai-ichi Karkaria Limited, Holding company and its nominees)		1,12,50,000	1,12,50,000
SCHEDULE 2:			
RESERVES AND SURPLUS			
CAPITAL INCENTIVE			
(As per last Balance Sheet)		25,00,000	25,00,000
Profit and Loss Account		1,16,63,229	—
		1,41,63,229	25,00,000
SCHEDULE 3:			
SECURED LOANS			
(i) Cash credit from banks		4,68,725	69,95,309
(Secured by hypothecation of all inventories and book debts both present and further secured by charge on all the fixed assets of the company and Corporate Guarantee of Dai-ichi Karkaria Ltd. Holding Company)			
(ii) Loans from banks		7,43,885	1,96,190
(Secured by hypothecation of vehicles) (Amount payable within one year Rs. 1,92,740/- (2008 : Rs. 1,08,948/-))			
		12,12,610	71,91,499
SCHEDULE 4:			
UNSECURED LOAN			
From Dai-ichi Karkaria Ltd. — Holding company		13,00,000	13,00,000
Interest accrued and due		1,48,299	1,48,299
		14,48,299	14,48,299
SCHEDULE 5:			
DEFERRED TAX (NET)			
Liability	24,20,102		27,97,317
Less: Asset	2,78,035		1,97,921
		21,42,067	25,99,396
		21,42,067	25,99,396

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH, 31, 2009



SCHEDULE 6:

FIXED ASSETS

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 01-04-2008 Rupees	Additions Rupees	Deductions Rupees	As at 31-03-2009 Rupees	As at 01-04-2008 Rupees	for the year Rupees	Deductions Rupees	As at 31-03-2009 Rupees	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Tangible Assets										
Land - leasehold	4,91,300	—	—	4,91,300	93,421	5,172	—	98,593	3,92,707	3,97,879
Building	1,23,97,310	—	—	1,23,97,310	64,17,814	4,14,005	—	68,31,819	55,65,491	59,79,496
Plant and machinery	1,06,26,902	90,500	—	1,07,17,402	61,90,301	5,07,663	—	66,97,964	40,19,438	44,36,601
Electrical installation	25,54,491	—	—	25,54,491	20,42,031	1,21,339	—	21,63,370	3,91,121	5,12,460
Laboratory equipment	17,42,512	1,95,365	—	19,37,877	8,42,636	87,162	—	9,29,798	10,08,079	8,99,876
Furniture and fixtures	8,58,036	—	—	8,58,036	7,06,260	27,466	—	7,33,726	1,24,310	1,51,776
Office and factory equipment	20,37,870	45,326	—	20,83,196	14,78,806	96,422	—	15,75,228	5,07,968	5,59,064
Vehicles	24,13,767	9,33,505	12,13,558	21,33,714	11,72,073	2,17,484	7,87,802	6,01,755	15,31,959	12,41,694
Total	3,31,22,188	12,64,696	12,13,558	3,31,73,326	1,89,43,342	14,76,713	7,87,802	1,96,32,253	1,35,41,073	1,41,78,846
Previous Year	3,27,18,160	4,21,528	17,500	3,31,22,188	1,74,35,337	15,16,871	8,866	1,89,43,342	1,41,78,846	

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

	March 31, 2009		March 31, 2008
	Rupees	Rupees	Rupees
SCHEDULE 7:			
INVESTMENTS – (LONG TERM) AT COST			
Non trade, unquoted 1,080 (2008 : 1,080) Equity shares of Rs. 25 each fully paid-up of The Zoroastrian Cooperative Bank Ltd.		27,000	27,000
		<u>27,000</u>	<u>27,000</u>
SCHEDULE 8:			
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Inventory			
Raw materials	95,36,376		66,45,035
Finished goods	35,66,701		31,97,797
		1,31,03,077	98,42,832
SUNDRY DEBTORS – unsecured, considered good			
Due for more than six months	—		—
Others	1,56,91,236		1,40,67,049
		1,56,91,236	1,40,67,049
CASH AND BANK BALANCES			
Cash on hand	17,259		7,923
Balances with scheduled banks in			
Current account.....	3,07,080		4,57,662
Deposit account (under lien)	48,53,797		12,41,301
		51,78,136	17,06,886
B. LOANS AND ADVANCES			
Advances recoverable in cash or in kind or for value to be received	1,57,19,768		1,98,84,119
Excise	13,936		13,936
Taxation (Net).....	1,43,807		2,21,952
MAT Credit entitlement.....	16,00,000		—
		1,74,77,511	2,01,20,007
		<u>5,14,49,960</u>	<u>4,57,36,774</u>
SCHEDULE 9:			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Sundry creditors – Total outstanding dues of creditors other than Micro enterprises and Small enterprises (includes Rs. 1,72,56,028/- (2008: Rs. 3,05,91,564/-) due to holding company Dai-ichi Karkaria Limited)	2,47,75,581		4,32,11,493
Other liabilities	30,93,538		25,96,323
Advances from Customers	4,54,959		4,85,314
		2,83,24,078	4,62,93,130
PROVISIONS			
Gratuity	4,90,450		3,68,638
Leave encashment	3,27,538		1,95,088
Taxation (net of payments)	1,50,487		6,06,348
Fringe benefit tax (net of payments).....	9,254		23,376
Product performance	55,00,021		30,00,000
		64,77,750	41,93,450
		<u>3,48,01,828</u>	<u>5,04,86,580</u>



SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	March 31, 2009		March 31, 2008
	Rupees	Rupees	Rupees
SCHEDULE 10:			
OTHER INCOME			
Technical service fee [Tax deducted at source Rs. NIL (2008 : Rs. 52,458/-)]		—	1,11,370
Interest from bank deposits, etc. [Tax deducted at source Rs. 13,729/- (2008 : Rs. 24,194/-)]		2,87,694	1,20,178
Exchange Difference (Net).....		3,45,294	—
Dividend from long term investment (Non-trade).....		4,050	4,050
Miscellaneous.....		48,453	1,04,884
Sundry Credit balances/provisions no longer required written back		4,41,751	13,39,820
		11,27,242	16,80,302
SCHEDULE 11:			
MATERIALS			
Opening stock.....		66,45,035	76,32,144
Add: Purchases		11,46,09,159	9,24,31,930
Less: Closing stock.....		95,36,376	66,45,035
Consumption		11,17,17,818	9,34,19,039
(Increase)/Decrease in finished goods stock			
Opening stock.....	31,97,797		25,25,291
Less: Closing stock.....	35,66,701		31,97,797
		(3,68,904)	(6,72,506)
		11,13,48,914	9,27,46,533
SCHEDULE 12:			
EMPLOYEES' REMUNERATION AND BENEFITS			
Salaries, wages and bonus (net of recoveries)		53,17,235	47,42,667
Contribution to provident/other funds.....		1,93,374	1,46,228
Staff welfare		3,15,233	2,64,762
		58,25,842	51,53,657

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

	March 31, 2009	March 31, 2008
	Rupees	Rupees
SCHEDULE 13:		
OTHER		
Power and fuel	3,11,010	3,89,343
Rent (net of recoveries)	—	1,500
Rates and taxes (including Rs. 10,36,938 on completion of assessment for earlier year)	11,10,624	35,466
Printing and stationery	2,08,608	1,67,859
Postage and telephone (net of recoveries)	2,82,032	2,65,795
Insurance	2,21,195	2,28,130
Repairs and maintenance:		
— Plant and machinery	8,40,366	8,55,783
— Others	1,12,787	1,46,891
	9,53,153	10,02,674
Travelling and conveyance (net of recoveries)	19,11,230	15,88,154
Legal and professional fees	7,67,544	5,27,541
Auditors' remuneration:		
— Audit fees	3,00,000	75,000
— Tax Audit fees	50,000	25,000
— Out of pocket expenses	—	16,256
	3,50,000	1,16,256
Testing charges	4,43,534	1,76,012
Business promotion	1,06,219	1,01,263
Carriage outward	68,56,048	58,13,802
Directors' sitting fees	12,000	12,000
Bank charges	3,85,260	2,88,731
Advertisement	—	14,195
Watch and ward expenses	3,56,744	3,23,761
Office maintenance	1,09,118	68,388
Fees and subscription	14,000	14,000
Loss on sale of fixed assets	2,47,978	5,634
Miscellaneous	34,261	80,907
Compensation for deficiency in performance	28,13,618	30,12,058
Late delivery charges	2,73,891	1,80,593
	1,77,68,067	1,44,14,062
SCHEDULE 14:		
INTEREST		
On fixed period loans	17,983	20,517
Others		
— paid to Holding Company	17,23,455	34,28,788
— Others (Includes Rs. 7,25,859/- (2008: Nil) on Sales tax)	11,76,000	11,24,130
	28,99,455	45,52,918
	29,17,438	45,73,435



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:-

BASIS OF PRESENTATION:

Financial statements are prepared under historical cost convention, in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and other provisions of the Companies Act, 1956.

FIXED ASSETS:

Fixed assets purchased are recognized at the cost of acquisition/construction.

DEPRECIATION/AMORTISATION:

Depreciation is provided on straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956, except for assets costing less than Rs. 5,000/- which are fully depreciated in the year of purchase.

Leasehold land is amortized over the lease period.

INVESTMENTS:

Long term investments are stated at cost. Provision is made for diminution in value, if other than temporary.

INVENTORIES:

- (a) Raw material and packing material are valued at lower of cost and net realizable value, on first in first out basis.
- (b) Finished goods are valued at lower of cost and net realizable value, on absorption costing basis.

FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currency are accounted at exchange rates on date of transaction. Year end balances of monetary items are translated at closing rates. Exchange differences on settlement/translation are charged to Profit and Loss account.

EMPLOYEE BENEFITS:

Company's contribution to Provident Fund is accounted on actual liability basis. Provisions for Gratuity and Leave encashment are made on the basis of actuarial valuation carried out at the Balance Sheet date.

REVENUE RECOGNITION:

Sale of goods is recognized on dispatch/delivery of goods to customers.

TAXATION:

Provision for current tax is made after taking into account rebate and relief available under the Income Tax Act, 1961.

Deferred tax is recognised subject to consideration of prudence, on timing difference, being the difference between taxable 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 on unabsorbed depreciation and carry forward losses unless there is virtual certainty that future taxable income will be available against which such deferred tax assets can be reversed.*

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

B. NOTES:

1. (a) Contingent liabilities not provided for –
 - Counter guarantees given to Bankers for guarantees given to customers for product performance Rs. 75,60,483/- (2008: Rs. 48,09,805/-).
 - Bonds for availing duty exemption under Duty Exemption Entitlement Certificate Scheme Rs. 5,24,54,751/- (2008: Rs. 4,44,44,979/-)
- (b) Claims against the Company not acknowledged as debts towards:-
 - Custom duty Rs. 31,620/- (2008: Rs. 31,620/-).
 - Water charges Rs. 67,227/- (2008: Rs. 67,227/-)
2. Loans and advances include Rs. 47,46,674/- (2008: Rs. 44,59,910/-) being refund of Sales tax/VAT setoff claimed by the Company in its sales tax returns upto March 31, 2009. These claims are subject to completion of pending sales tax assessments.
3. In the opinion of the Board of Directors, current assets, loans and advances do have a value on realization at least equal to the values stated in the balance sheet.
4. The company has not received any intimation from suppliers regarding their status under Micro, Small and Medium Enterprise Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at year end together with amount paid/payable and the interest thereon as required under the said act has been given to the extent of intimation from the suppliers.

5. (i) Break up of deferred tax liability as at year end:

Nature of timing difference	31st March, 2009	31st March, 2008
	Rs.	Rs.
Provision for Depreciation.....	24,20,102	27,97,317

(ii) Break up of deferred tax asset as at year end:

Nature of timing difference	31st March, 2009	31st March, 2008
	Rs.	Rs.
Provision for Gratuity and Leave encashment.....	2,78,035	1,97,921

6. Segment Reporting: -

As the company's business activity falls within single primary business segment viz. 'oil field chemicals' and single geographical segment, the disclosure requirements of Accounting Standard – 17 are not applicable to the Company.

7. Related Parties: -

Relationships

- a. Holding Company
Dai-ichi Karkaria Limited Controlling company
- b. Company exercising significant influence
Baker Petrolite Inc (USA) Foreign Collaborator
(upto 19-Feb-09)

Note: Related party relationship is as identified by the Company and relied upon by auditors.

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

Transactions carried out with related parties referred above, in ordinary course of business:

Nature of transaction.	Related parties
	"Referred to in (i) (a) above" Rupees
Purchase	6,38,96,801/- (6,28,98,481/-)
Sales	79,328/- (31,512/-)
Interest on purchases	15,31,705/- (32,37,038/-)
Interest on loan (gross)	1,91,750/- (1,91,750/-)
Expenses/Services taken	3,775/- (NIL)
Outstanding as at year end:	
Sundry creditors	1,72,56,028/- (3,05,91,564/-)
Sundry debtors	NIL (31,512/-)
Advances recoverable in cash or kind	85,100/- (85,100/-)
Unsecured loans taken	14,48,299/- (14,48,299/-)

Figures in brackets are those of the previous year

8. Information as required to be given by Part II of Schedule VI of Companies Act, 1956.
(To the extent applicable).

Licensed Capacity – Not applicable

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

(A) Quantity and turnover information for the year ended on 31.03.2009

Class of goods	Installed Capacity	Actual Production	Opening Stock		Closing stock		Turnover	
	(M.T.)	(M.T.)	Qty (M.T.)	Value Rs.	Qty (M.T.)	Value Rs.	Qty (M.T.)	Value Rs.
Emulsion Breakers		740.85 (608.42)	46.23 (14.24)	30,27,656 (13,55,261)	35.02 (46.23)	23,55,070 (30,27,656)	752.06 (576.43)	6,60,82,711 (4,14,54,057)
Corrosion Inhibitors		544.57 (453.04)	3.80 (1.30)	1,22,635 (82,595)	4.67 (3.80)	1,77,016 (1,22,635)	543.70 (450.54)	4,74,04,657 (3,80,62,999)
Pour Point Depressants	3,000 (3,000)	155.50 (258.98)	0.30 —	38,483 —	— (0.30)	— (38,483)	155.80 (258.68)	2,12,71,417 (3,47,21,582)
Biocides		299.83 (239.82)	— —	— —	10.75 —	8,26,474 —	289.08 (239.82)	4,35,40,376 (2,79,44,429)
Others		23.04 (48.44)	24.72 (24.64)	9,023 (10,87,435)	25.47 (24.72)	2,08,141 (9,023)	22.29 (48.36)	14,58,690 (47,90,006)
Total				31,97,797 (25,25,291)		35,66,701 (31,97,797)		17,97,57,851 (14,69,73,073)

Notes:

- (i) Installed capacity is certified by the directors on whose certificate the auditors have placed reliance.
- (ii) Figures in brackets are those of the previous year.

(B) Raw material consumed:

	2009		2008	
	Unit M.T.	Value Rs.	Unit M.T.	Value Rs.
(1) Resin Ethoxylate.....	185.39	2,11,87,614	147.33	1,50,70,649
(2) Aromatic Solvent.....	798.27	3,38,92,214	766.95	2,77,05,950
(3) Polyacralite Solvent	177.28	2,27,36,115	275.31	3,06,34,918
(4) Others.....	270.48	3,39,01,875	178.85	2,00,07,522
	1,431.42	11,17,17,818	1,368.44	9,34,19,039

(C) Consumption of raw material:

	2009		2008	
	Percentage	Value Rs.	Percentage	Value Rs.
Imported	4.21	47,07,244	2.81	26,27,218
Indigenous	95.79	10,70,10,574	97.19	9,07,91,821
	100.00	11,17,17,818	100.00	9,34,19,039

(D) Value of Imports (on C.I.F. Basis)

	2009	2008
Particulars	Value (Rs.)	Value (Rs.)
Raw materials	47,69,317	NIL



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

(E) Earnings in foreign exchange:

Particulars	2009 Value (Rs.)	2008 Value (Rs.)
Exports on F.O.B. Basis	1,19,53,330	35,71,740
Recovery of expenses (on cash basis)	NIL	8,67,992

9. Provision for current taxation represents provision for Minimum Alternate Tax under section 115JB of the Income Tax Act, 1961.

10. Provisions:

Particulars	Product Performance Rupees	
	2009	2008
Opening balance	30,00,000	12,97,125
Provisions during the year	28,13,618	30,12,058
Payments during the year	(3,13,597)	(12,058)
Reversals during the year	NIL	(12,97,125)
Closing balance	55,00,021	30,00,000

Brief description of the nature of the obligation and expected timing of resulting outflows of economic benefits:
Product performance is the provision made towards the performance of the supplies made to customers per agreements. These are generally settled on completion of the supply agreement.

11. Earnings per share:

	2009 Rupees	2008 Rupees
Profit after tax	2,71,96,383	94,68,351
Weighted average number of shares used as denominator for calculating basic and diluted earnings per share	11,25,000	11,25,000
Nominal value per share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	24.17	8.42

12. Effective from 22nd May 2009, the Company has changed its name to Basic Oil Treating (India) Limited.

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

13 Details of Employee Benefits as required by the Accounting Standard – 15 (Revised) Employee Benefits are as follows:-

(A) Defined Contribution Plan

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is Rs. 1,70,197 (2008 : 1,46,228).

(B) Defined Benefit Plan

- (i) Actuarial gains and losses in respect of defined benefit plans are recognized in the Profit & Loss Account.
- (ii) The Defined Benefit Plans comprise of Gratuity. Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

(C) Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity (Unfunded)	
	31st March, 2009 Rupees	31st March, 2008 Rupees
Present Value of Defined Benefit Obligation as on 1st April.....	3,68,638	2,74,742
Service cost	48,757	44,064
Interest Cost	33,392	25,504
Losses (gains) on Curtailment	—	—
Liabilities extinguished on settlements.....	—	—
Plan ammendments.....	—	—
Actuarial (gains)/losses.....	39,663	24,328
Benefits paid	—	—
Present Value of Defined Benefit Obligation as on 31st March.....	4,90,450	3,68,638

(D) Analysis of Defined Benefit Obligation:

Defined Benefit Obligation as at 31st March.....	4,90,450	3,68,638
Market Value of Plan assets at the end of period.....	—	—
Net (Asset)/Liability recognized in the Balance Sheet as at 31st March	4,90,450	3,68,638

(E) Components of employer expenses recognized in the statement of profit and loss for the year

Current Service cost.....	48,757	44,064
Interest cost.....	33,392	25,504
Expected return on plan assets.....	—	—
Curtailment cost/(credit).....	—	—
Settlement cost/(credit).....	—	—
Past Service cost	—	—
Actuarial Losses/(Gains).....	39,663	24,328
Total expense recognised in the Statement of Profit & Loss	1,21,812	93,896



SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 15: NOTES TO THE ACCOUNTS (Contd.)

Particulars	Gratuity (Unfunded)	
	31st March, 2009 Rupees	31st March, 2008 Rupees
(F) Experience History		
Defined Benefit Obligation at the end of the period.....	4,90,450	3,68,638
Plan Assets at the end of the period	NA	NA
Funded Status.....	NA	NA
Experience adjustments on plan liabilities.....	20,859	—
Experience adjustments on plan assets.....	NA	NA

(G) Principal Actuarial Assumptions :

Particulars	Gratuity as at 31st March, 2009	Gratuity as at 31st March, 2008
Discount Rate (%).....	7.75%	8%
Expected Return on plan assets (%).....	NA	NA
Salary Escalation (%).....	5%	5%
Medical cost inflation	NA	NA
Withdrawal Rate (%).....	2%	2%

(a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

(b) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

14. Previous years figures have been regrouped/recasted, wherever necessary.

Signatures to Schedules 1 to 15

For and on behalf of the Board

S. F. Vakil Director

K. D. Patel Director

Jimmy Billimoria Director

Place : Mumbai
Date : June 29, 2009

Balance Sheet Abstract and Company's General Business Profile
(as per Schedule VI, Part (IV) of the Companies Act, 1956)

I. Registration Details:

Registration No.

U	2	4	1	1	0	M	H	1	9	9	0	P	L	C	0	5	5	0	8	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

 State Code

1	1
---	---

II. Capital raised during the year: (Amount in Rs. Thousands)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L		Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L	
	N	I	L								
	N	I	L								
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L		Private Placement/conversion <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>N</td><td>I</td><td>L</td><td> </td></tr></table>		N	I	L	
	N	I	L								
	N	I	L								

On amalgamation for consideration other than cash

III. Position of mobilisation and deployment of funds: (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>0</td><td>2</td><td>1</td><td>6</td></tr></table>	3	0	2	1	6	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>0</td><td>2</td><td>1</td><td>6</td></tr></table>	3	0	2	1	6
3	0	2	1	6							
3	0	2	1	6							

Source of Funds:

Paid-up Equity Share Capital

1	1	2	5	0
---	---	---	---	---

Secured Loans

0	1	2	1	3
---	---	---	---	---

Deferred Tax Liability (net)

0	2	1	4	2
---	---	---	---	---

Reserves & Surplus

1	4	1	6	3
---	---	---	---	---

Unsecured Loans

0	1	4	4	8
---	---	---	---	---

Application of Funds:

Net Fixed Assets

1	3	5	4	1
---	---	---	---	---

Net Current Assets

1	6	6	4	8
---	---	---	---	---

Accumulated Losses

	N	I	L	
--	---	---	---	--

Investments

0	0	0	2	7
---	---	---	---	---

Miscellaneous Expenses

	N	I	L	
--	---	---	---	--

IV. Performance of the Company: (Amount in Rs. Thousands)

Turnover (Including Other Income)

1	6	7	4	8	3
---	---	---	---	---	---

Profit Before tax

0	2	8	5	4	1
---	---	---	---	---	---

Earning per Share (Rs.)

2	4	.	1	7		B	A	S	I	C
---	---	---	---	---	--	---	---	---	---	---

Total Expenditure

1	3	8	9	4	1
---	---	---	---	---	---

Profit After tax

0	2	7	1	9	6
---	---	---	---	---	---

Dividend Rate %

	N	I	L	
--	---	---	---	--

V. Generic Names of Principal Product & Services of the Company:

Product Description	Item Code No. (ITC Code)																															
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>E</td><td>M</td><td>U</td><td>L</td><td>S</td><td>I</td><td>O</td><td>N</td><td> </td><td>B</td><td>R</td><td>E</td><td>A</td><td>K</td><td>E</td><td>R</td><td>S</td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>	E	M	U	L	S	I	O	N		B	R	E	A	K	E	R	S						<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>4</td><td>0</td><td>2</td><td>9</td><td>0</td><td>.</td><td>3</td><td>0</td></tr></table>	3	4	0	2	9	0	.	3	0
E	M	U	L	S	I	O	N		B	R	E	A	K	E	R	S																
3	4	0	2	9	0	.	3	0																								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>O</td><td>R</td><td>R</td><td>O</td><td>S</td><td>I</td><td>O</td><td>N</td><td> </td><td>I</td><td>N</td><td>H</td><td>I</td><td>B</td><td>I</td><td>T</td><td>O</td><td>R</td><td>S</td><td> </td><td> </td></tr></table>	C	O	R	R	O	S	I	O	N		I	N	H	I	B	I	T	O	R	S			<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>8</td><td>1</td><td>1</td><td>1</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>	3	8	1	1	1	9	.	0	0
C	O	R	R	O	S	I	O	N		I	N	H	I	B	I	T	O	R	S													
3	8	1	1	1	9	.	0	0																								
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>P</td><td>O</td><td>U</td><td>R</td><td> </td><td>P</td><td>O</td><td>I</td><td>N</td><td>T</td><td> </td><td>D</td><td>E</td><td>P</td><td>R</td><td>E</td><td>S</td><td>S</td><td>A</td><td>N</td><td>T</td><td>S</td></tr></table>	P	O	U	R		P	O	I	N	T		D	E	P	R	E	S	S	A	N	T	S	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>8</td><td>1</td><td>1</td><td>1</td><td>9</td><td>.</td><td>0</td><td>0</td></tr></table>	3	8	1	1	1	9	.	0	0
P	O	U	R		P	O	I	N	T		D	E	P	R	E	S	S	A	N	T	S											
3	8	1	1	1	9	.	0	0																								

For and on behalf of the Board

S. F. Vakil	Director
K. D. Patel	Director
Jimmy Billimoria	Director

Place : Mumbai
Date : June 29, 2009

DIRECTORS' REPORT

To,
The Members,

Your Directors hereby present their Seventeenth Annual Report and the audited accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS

	For the year ended 31.3.2009 Rupees	For the year ended 31.3.2008 Rupees
Net Profit/(Loss)	(5,084)	(11,140)

2. OUTLOOK

Your Directors are exploring various avenues to undertake profitable activities in the near future.

3. DIRECTORS

In pursuance of the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mrs. P. R. Mehta retires by rotation and being eligible offers herself for reappointment.

4. AUDITORS

The members are requested to appoint Auditors for the current year and fix their remuneration. Messrs. Sharp & Tannan, Chartered Accountants, Mumbai, the existing Auditors of the Company have under Section 224(1) of the Companies Act, 1956 furnished certificate of their eligibility for reappointment.

As regards the observations made by the Auditors at paragraph 6 of their annexed Report, the Directors as mentioned above, are exploring avenues to turn around the Company's operations

5. INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT 1956

As there is no employee coming within the ambit of the Companies (Particulars of Employees) Rules, 1975 as amended to date, this information is not required to be furnished.

6. REPORT UNDER SECTION 217(1)(e)

The Company has not started manufacturing activity and therefore, the disclosure of particulars as required under Section 217 (1)(e) of the Companies Act, 1956, in so far as it relates to the conservation of energy, technology absorption and foreign exchange earnings and outgo is not applicable.

7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 2000 the Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
2. accounting policies have been selected and applied consistently, and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and loss of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

For and on behalf of the Board

S. F. Vakil
Director

P. R. Mehta
Director

Place : Mumbai
Date : June 05, 2009

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED**

We have audited the attached balance sheet of Dai-ichi Gosei Chemicals (India) Limited, as at 31st March 2009, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of the Companies Act, 1956, we report as under:

- (1) 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;
- (2) 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.
- (3) The balance sheet and the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
- (4) In our opinion, the balance sheet and the profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (5) On the basis of written representations received from the Directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (6) **The Company had been incorporated on 22nd January 1991 for a proposed project for the manufacture of Polyacrylamide (PAAM). The said project was subsequently transferred to M/s. Dai-ichi Karkaria Limited (Promoters) in terms of tripartite agreement dated 28th June 1994 and the Company has not transacted any business. The Company incurred a net loss of Rs. 5,084/- during the year ended 31st March 2009 and as of that date the Company's accumulated losses amounted to Rs. 2,63,215/- These factors raise substantial doubt that the Company will be able to continue as a going concern.**
- (7) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies in Schedule 6 and the notes on accounts in Schedule 7 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2009;
 - (ii) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - (iii) in case of the cash flow statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we report as under:

1. Since the Company does not have any fixed assets, the provisions of clause 4 (i)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable.

2. Since the Company does not have any fixed assets, the provisions of Clause 4(i)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable.
3. During the year the Company has not disposed off any fixed assets.
4. Since the Company did not have any inventory during the year, the provisions of Clause 4(ii)(a) of the Companies (Auditor's Report) Order, 2003 are not applicable.
5. Since the Company did not have any inventory during the year, the provisions of Clause 4(ii)(b) of the Companies (Auditor's Report) Order, 2003 are not applicable.
6. Since the Company did not have any inventory during the year, the provisions of Clause 4(ii)(c) of the Companies (Auditor's Report) Order, 2003 are not applicable.
7. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
8. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of Clause 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
9. Since the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of commenting on the rate of interest and other terms and conditions of such loans, regularity of payment of principal amount and interest and taking reasonable steps for recovery/payment of overdue amounts does not arise.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company for purchase of fixed assets. Since, during the year the Company had not transacted any business, the question of commenting on adequate internal control procedures commensurate with the nature of its business with regard to purchase of inventory and for the sale of goods does not arise. During the course of our audit we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control systems.
11. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
12. Since the Company has not accepted deposits from the public the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable. According to the information and explanations given to us no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
13. Since the Company is not a listed company and its paid up capital and reserves do not exceed rupees fifty lakhs as at the beginning of the year and also, since the average annual turnover does not exceed rupees five crores during the period of three consecutive financial years immediately preceding the year ended 31st March, 2009, the question of commenting on whether the Company has an internal audit system commensurate with its size and nature of its business does not arise.
14. Since, the Company has not transacted any business, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees'

DAI-ICHI GOSEI CHEMICALS (INDIA) LIMITED

State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31st March 2009 for a period of more than six months from the date they became payable.

16. According to the information and explanations given to us and the records of the Company examined by us, there are no amounts in respect of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
17. **The Company's accumulated losses at the end of the financial year covered by our audit are more than fifty percent of its net worth and it has incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.**
18. Based on our audit procedures and on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a Financial Institution, Bank or debenture holders.
19. Based on our examination of documents and records, and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
20. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. The Company is not dealing or trading in shares, securities, debentures and other investments, hence the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable.
22. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
23. The Company has not taken any term loans.
24. Based on our examination of the Balance Sheet of the Company and the information and explanation given to us, we report that no funds raised on short-term basis have been used for long-term investments.
25. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
26. Since, the Company has not issued any debentures, the provisions of Clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.
27. The Company has not raised any money by public issues during the year.
28. 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 instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

for SHARP & TANNAN
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No: 38159

Place: Mumbai
Date : June 15, 2009

Balance Sheet as at 31st March, 2009

	Schedules	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS:			
Share Capital	1	<u>5,00,000</u>	<u>5,00,000</u>
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS & ADVANCES	2	5,34,052	5,36,772
Less: Current Liabilities & Provisions	3	<u>2,97,267</u>	<u>2,94,903</u>
Net Current Assets.....		<u>2,36,785</u>	2,41,869
PROFIT & LOSS ACCOUNT		<u>2,63,215</u>	<u>2,58,131</u>
		<u>5,00,000</u>	<u>5,00,000</u>
SIGNIFICANT ACCOUNTING POLICIES	6		
NOTES ON ACCOUNTS	7		

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated: June 15, 2009

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Place : Mumbai
Dated: June 5, 2009

Profit & Loss Account for the year ended 31st March, 2009

	Schedules	For the year ended 31-03-2009 Rupees	For the year ended 31-03-2008 Rupees
INCOME			
Sales (Net)		—	—
Other Income.....	4	31	62
		31	62
EXPENDITURE			
Selling & Administration Expenses.....	5	5,115	11,202
Profit/(Loss) for the year.....		(5,084)	(11,140)
Balance brought forward from previous year.....		(2,58,131)	(2,46,991)
Balance carried to Balance Sheet		(2,63,215)	(2,58,131)
Earnings Per Share (Basic & Diluted)	7	(0.10)	(0.22)
SIGNIFICANT ACCOUNTING POLICIES	6		
NOTES ON ACCOUNTS	7		

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated: June 15, 2009

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Place : Mumbai
Dated: June 5, 2009

Cash Flow Statement for the year 2008-2009

	2008-09 Rupees	2007-08 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) as per accounts	(5,084)	(11,140)
Adjustment for:		
Interest Income	31	62
Operating Profit/(Loss) before Working Capital Changes	(5,115)	(11,202)
Adjustments for Increase/(Decrease) in Creditors and Current Liabilities	2,364	(698)
Net Cash from Operating Activities.....	(2,751)	(11,900)
	A	
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	31	62
Purchase of Investments.....	—	—
Net Cash from Investing Activities	31	62
	B	
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net Cash from Financing Activities	—	—
	C	
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(2,720)	(11,838)
Cash and Cash Equivalents at beginning of the year	5,36,772	5,48,610
Cash and Cash Equivalents at close of the year.....	5,34,052	5,36,772

NOTES:

The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard-3: "Cash Flow Statements".

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated: June 15, 2009

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Place : Mumbai
Dated: June 5, 2009

Schedules forming part of the Balance Sheet as at 31st March, 2009

	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
50,00,000 Equity Shares of Rs. 10/- each.....	5,00,00,000	5,00,00,000
ISSUED, SUBSCRIBED & PAID-UP CAPITAL		
50,000 Equity Shares of Rs. 10/- each fully paid-up (of the above shares: 48,500 shares are held by Holding Company Dai-ichi Karkaria Limited) ...	5,00,000	5,00,000
SCHEDULE 2 : CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
Cash on hand	144	144
Balances with Scheduled Banks:		
In Current Account.....	5,33,908	5,36,628
	5,34,052	5,36,772
LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received.....	—	—
	5,34,052	5,36,772
SCHEDULE 3 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors (due to other than Small Scale Industrial Undertakings)	4,688	2,324
Others.....	2,92,579	2,92,579
PROVISIONS.....	—	—
	2,97,267	2,94,903
SCHEDULE 4 : OTHER INCOME		
Interest	31	62
SCHEDULE 5 : SELLING & ADMINISTRATION EXPENSES		
Bank charges.....	65	692
Rates & Taxes	392	247
Statutory Audit fees (excluding service tax).....	2,000	2,000
Reimbursement of Auditors expenses	158	—
Legal & Professional fees	1,500	2,086
Miscellaneous expenses	1,000	6,177
	5,115	11,202
	For the year ended 31-03-2009 Rupees	For the year ended 31-03-2008 Rupees

Schedules forming part of the Accounts for the year ended 31st March, 2009

SCHEDULE 6: SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING:

The financial statements are prepared under historical cost convention and on accrual basis and are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and are in accordance with the requirements of the Companies Act, 1956.

2. FIXED TANGIBLE AND INTANGIBLE ASSETS:

- (a) Capitalized at cost of acquisition or construction, including directly attributable charges for bringing the assets to their working conditions for use.
- (b) Expenditure relating to existing fixed tangible assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.
- (c) Fixed tangible assets are eliminated from financial statements on their disposal.

3. DEPRECIATION:

The Company provides for depreciation on the fixed tangible assets on straight line method for the full year, at the rates prescribed from time to time under Schedule XIV of the Companies Act, 1956.

Lumpsum amount paid for leasehold land is amortized and charged to depreciation over the initial lease period.

4. BORROWING COSTS:

Borrowing costs that are attributable to the acquisitions, constructions or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is an asset which takes a period of twelve months or more to get ready for its intended use or sale. All other borrowing costs are recognized as expense, in the period in which they are incurred.

5. TAXES ON INCOME:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

6. FOREIGN CURRENCY

Foreign Currency transactions are accounted for at the rates prevailing on the dates of transactions. Foreign currency current assets and current liabilities are reinstated at rates prevailing at the year-end and if resultant differences is a net gain/loss, the same is credited/debited to the Profit and Loss Account.

Foreign currency assets and liabilities covered by forward contracts are reinstated at the contracted rate.

The exchange differences on settlement/conversion are adjusted to:

- (I) Cost of fixed assets, if foreign currency liability relates to fixed assets.
- (II) Profit and Loss account in other cases, wherever forward contracts are entered into, the exchange differences are dealt with in Profit and Loss account over the period of contracts.

7. CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

Accounting for contingencies (gains & losses) arising out of contractual obligations, are made only on the basis of mutual acceptances.

Events occurring after the Balance Sheet date, where material, are considered up-to the date of adoption of the accounts.

**Schedules forming part of the Accounts for the year ended
31st March, 2009 (Contd.)**

SCHEDULE 7: NOTES ON ACCOUNTS

1. The Company had been incorporated on 22nd January, 1991 for a proposed project for the manufacture of Polyacrylamide (PAAM). The said project was subsequently transferred to M/s. Dai-ichi Karkaria Limited (Promoters) in terms of tripartite agreement dated 28th June, 1994, and the Company has not yet transacted any business. However, the accounts are prepared on a going concern basis since the Board of Directors has plans for undertaking other profitable activities in the near future.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil/- (Previous year Rs. Nil/-).
3. No provision has been made for Income-tax in view of the loss and other deductions available under the Income Tax Act, 1961.
4. Balances in Sundry Creditors, Current Liabilities are subject to confirmations, reconciliations and consequent adjustments, if any.

	2008-09	2007-08
5. Expenditure in Foreign Currency (Rs.)	Nil	Nil
6. Earning in Foreign Currency (Rs.)	Nil	Nil

7. Disclosure as required by Accounting Standard (AS) 18 Related Party Disclosures:

(i) List of related Parties:

Sr. No.	Name of Related Parties	Relationship
1.	Dai-ichi Karkaria Limited	Holding Company
2.	Basic Oil Treating (India) Limited	Fellow Subsidiary

(ii) Disclosure of Related Party Transactions:

Sr. No.	Nature of Transaction	Name of Related Party	Amount (in Rupees)
1.	Amount due	Dai-ichi Karkaria Limited	Rs. 2,92,579 (Previous Year Rs. 2,92,579)

8. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

9. Earnings per Share:

Particulars	31/03/2009	31/03/2008
(a) Basic Earnings per Share (Rs.)	(0.10)	(0.22)
(b) Diluted Earnings per Share (Rs.)	(0.10)	(0.22)
(c) Profit/(Loss) after Tax as per Profit & Loss Account (Rs.)	(5,084)	(11,140)
(d) Weighted average number of equity shares outstanding.....	50,000	50,000
(e) Nominal Value per Equity Share (Rs.)	10.00	10.00

**Schedules forming part of the Accounts for the year ended
31st March, 2009 (Contd.)**

10. Additional information as required under Part IV of Schedule VI to The Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No.	U24100MH1991PLC059922
State Code	11
Balance Sheet Date	31st March, 2009

II. Capital Raised during the year:

Rs. '000

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

III. Position of Mobilisation and Deployment of Funds:

Rs. '000

Total Liabilities	500
Total Assets	500
Sources of Funds	
Paid-up Capital	500
Reserves & Surplus	—
Secured Loans	—
Unsecured Loans	—
Application of Funds	
Net Fixed Assets	—
Investments	—
Net Current Assets	237
Miscellaneous Expenditure	—
Accumulated Losses	263

**Schedules forming part of the Accounts for the year ended
31st March, 2009 (Contd.)**

IV. Performance of the Company:	Rs '000
Turnover (including Other Income)	—
Total Expenditure	005
Profit/(Loss) Before Extraordinary items & taxation	(005)
Profit/(Loss) Before Tax	(005)
Profit/(Loss) After Tax	(005)
Earnings Per Share (Rs.)	(0.10)
Dividend Rate	—

V. Generic Names of Principal Products of the Company:

Product Description	Item Code No. (ITC Code)
---------------------	-----------------------------

NOT APPLICABLE

11. Previous year's figures have been regrouped/re-classified wherever necessary.

Signatures to Schedules 1 to 7

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants

By the hand of
Ashwin B. Chopra
Partner
Membership No.: 38159

Place : Mumbai
Dated: June 15, 2009

For and on behalf of the Board

S. F. Vakil Director

P. R. Mehta Director

Place : Mumbai
Dated: June 5, 2009



DAI-ICHI KARKARIA LIMITED

Registered Office: Liberty Building, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

PROXY FORM

Reg. Folio No. No. of Shares held

I/We

of.....

being a member/members of **DAI-ICHI KARKARIA LIMITED** hereby appoint.....

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

as my/our proxy to vote for me/us on my/our behalf at the **49th ANNUAL GENERAL MEETING** of the Company to be held at 11.30 a.m. on Wednesday, 9th September, 2009 and at any adjournment thereof.

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

Signature.....

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Affix
0.15 Paise
Revenue
Stamp



DAI-ICHI KARKARIA LIMITED

Registered Office: Liberty Building, Sir Vithaldas Thackersey Marg, Mumbai 400 020.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

49th ANNUAL GENERAL MEETING — Wednesday, 9th September, 2009

I hereby record my presence at the 49th Annual General Meeting of the Company held at M. C. Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400023 on Wednesday, 9th September, 2009 at 11.30 a.m.

Full Name of Member (in BLOCK LETTERS).....

Reg. Folio No. No. of shares held

Full Name of Proxy (in BLOCK LETTERS)

Member's/Proxy's Signature.....

**PLEASE BRING YOUR COPY OF
ANNUAL REPORT AT THE TIME OF
ATTENDING THE MEETING**

BOOK-POST

UNDER CERTIFICATE OF POSTING

If undelivered please return to:

DAI-ICHI KARKARIA LIMITED
Liberty Building,
Sir Vithaldas Thackersey Marg,
Mumbai - 400 020.