



DIC INDIA LIMITED

Annual Report 2011

Contents

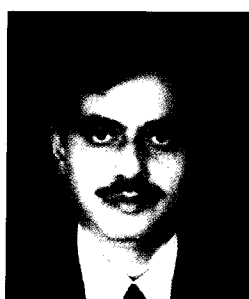
DIC India Limited

| | | |
|--|-------|----|
| Corporate Information | ..... | 01 |
| Ten Years Record | ..... | 02 |
| Report on Corporate Governance | ..... | 03 |
| Shareholder Information | ..... | 13 |
| Report of the Directors & Management Discussion and Analysis Report | ..... | 19 |
| Auditors' Report | ..... | 28 |
| Balance Sheet | ..... | 32 |
| Profit & Loss Account | ..... | 33 |
| Schedule to the Accounts | ..... | 34 |
| Cash Flow Statement | ..... | 62 |

BOARD OF DIRECTORS



Dr P K Dutt
Chairman



S Bhaumik
Managing Director



K Kudo



D Banerjee



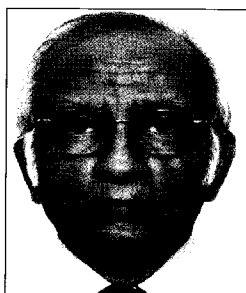
S Bose



B Choudhuri



P L Agarwal



B N Ghosh



U Sengupta



P Koek

Corporate Information

as on 31st December 2011

Board of Directors

Dr Prabir Kumar Dutt

Chairman

Samir Bhaumik, *Managing Director*

Subir Bose

Bhaskar Nath Ghosh

Kazuo Kudo

Biswajit Choudhuri

Utpal Sengupta

Dipak Banerjee

Purushottam Lal Agarwal

Paul Koek

Timir Baran Chatterjee

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Board Committees

Audit Committee

Dipak Banerjee – *Chairman*

Biswajit Choudhuri

Subir Bose

Bhaskar Nath Ghosh

Paul Koek

Shareholders'/Investors' Grievance Committee

Purushottam Lal Agarwal – *Chairman*

Dr Prabir Kumar Dutt

Paul Koek

Remuneration Committee

Dipak Banerjee – *Chairman*

Kazuo Kudo

Paul Koek

Bankers

Bank of Baroda

State Bank of India

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

Auditors

Lovelock & Lewes

Plot No. Y-14, Block EP, Sector V, Salt Lake,

Electronics Complex, Bidhan Nagar, Kolkata - 700 091

Registrar and Share Transfer Agent

C B Management Services (P) Limited

P-22, Bondal Road, Kolkata - 700 019

Registered Office

Transport Depot Road, Kolkata - 700 088

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|-----------------------------|--------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 | Dec-31 |
| Sales (Net) | 6,748 | 5,534 | 4,593 | 4,719 | 4,039 | 3,395 | 2,786 | 2,445 | 2,162 | 2,000 |
| Profit before Tax | 382 | 649 # | 320 | 231 | 167 | 145 | 147 | 114 | 95 | 118 |
| Tax | 117 | 141 | 97 | 81 | 58 | 45 | 46 | 39 | 19 | 33 |
| Profit after Tax | 265 | 507 # | 223 | 151 | 109 | 100 | 101 | 75 | 76 | 85 |
| Dividend | 43 * | 54 * | 43 * | 38 * | 38 * | 28 * | 28 * | 28 * | 27 * | 27 * |
| Retained Profit | 222 | 454 | 180 | 113 | 71 | 72 | 73 | 47 | 49 | 58 |
| Earnings per Share (Rs.) | | | | | | | | | | |
| – Basic | 28.82 | 55.28 # | 24.29 | 16.56 | 15.86 | 14.51 | 14.72 | 10.92 | 10.98 | 12.29 |
| – Diluted | 28.82 | 55.28 # | 24.29 | 16.56 | 15.69 | — | — | — | — | — |
| Dividend per Share (%) | 40 @ | 50 | 40 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Net Worth per | | | | | | | | | | |
| Equity Share (Rs.) | 289.69 | 265.53 | 216.04 | 196.47 | 170.52 | 157.54 | 147.12 | 136.4 | 129.47 | 122.43 |
| PBT to Sales (%) | 5.66 | 11.72 | 6.97 | 4.90 | 4.14 | 4.27 | 5.28 | 4.66 | 4.39 | 5.90 |
| PAT on Shareholders | | | | | | | | | | |
| Funds (%) | 9.95 | 20.82 | 11.25 | 8.37 | 9.30 | 9.22 | 9.97 | 8.00 | 8.52 | 10.03 |
| Debt Equity Ratio | 0.09:1 | 0.05:1 | 0.22:1 | 0.28:1 | 0.12:1 | 0.64:1 | 0.44:1 | 0.40:1 | 0.48:1 | 0.48:1 |
| Sources of Funds | | | | | | | | | | |
| Share Capital | 92 | 92 | 92 | 92 | 69 | 69 | 69 | 69 | 69 | 69 |
| Share Application | — | — | — | — | 516 | — | — | — | — | — |
| Reserves & Surplus | 2,567 | 2,345 | 1,891 | 1,712 | 1,105 | 1,016 | 944 | 870 | 823 | 774 |
| Borrowings | 227 | 115 | 427 | 497 | 209 | 693 | 444 | 379 | 425 | 408 |
| | 2,886 | 2,552 | 2,410 | 2,300 | 1,899 | 1,778 | 1,457 | 1,318 | 1,317 | 1,251 |
| Application of Funds | | | | | | | | | | |
| Net Fixed Assets | 897 | 772 | 756 | 745 | 682 | 535 | 451 | 403 | 380 | 347 |
| Investments | — | — | 108 | 108 | 108 | 108 | 108 | 108 | 108 | 108 |
| Net Current Assets | 1,989 | 1,780 | 1,546 | 1,448 | 1,109 | 1,135 | 898 | 807 | 826 | 790 |
| Misc. Expenses | — | — | — | — | — | — | — | — | 3 | 6 |
| | 2,886 | 2,552 | 2,410 | 2,300 | 1,899 | 1,178 | 1,457 | 1,318 | 1,317 | 1,251 |

Notes:

* Includes Tax on Dividend

@ Proposed

After considering Extra-ordinary items

Report on Corporate Governance

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

I. MANDATORY REQUIREMENTS

1. Company's Philosophy on Corporate Governance

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

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

2. Board of Directors

A) Composition as on 31st December 2011

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

- Two Executive Directors in the whole-time employment of the Company.
- Six Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, legal, technology and management.
- Two Non-Executive Directors nominated by and representing the Holding Company.

The Chairman of the Board is an Executive Director.

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

B) Other Directorships/Committee Memberships held as on 31st December 2011:

| Name of Director | Category | Directorships held in other Companies ^ | | Committee Memberships held in other Companies # | |
|------------------|------------------------------|---|-------------|---|-------------|
| | | As Director | As Chairman | As Member | As Chairman |
| Dr P K Dutt | Chairman, Executive | — | — | — | — |
| Mr S Bhaumik | Managing Director, Executive | — | — | — | — |
| Mr D Banerjee | Non-Executive & Independent | 7 | 1 | 5 | 3 |
| Mr S Bose | Non-Executive & Independent | 2 | — | 1 | — |
| Mr B Choudhuri | Non-Executive & Independent | 10 | — | 2 | 4 |
| Mr P L Agarwal | Non-Executive & Independent | 8 | — | 3 | 1 |
| Mr B N Ghosh | Non-Executive & Independent | — | — | — | — |
| Mr U Sengupta | Non-Executive & Independent | 1 | — | — | 1 |
| Mr K Kudo | Non-Executive | — | — | — | — |
| Mr P Koek | Non-Executive | — | — | — | — |

- ^ Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies Act, 1956 and Memberships of Managing Committees of various Chambers/Institutions/Boards.
- # Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.

C) Particulars of change in directorship during the year

| Name of Director | Category | Date of Appointment/ Cessation | Remarks |
|------------------|--|-----------------------------------|---------------------------------------|
| Utpal Sengupta | Non-Executive & Independent Independent | 26.07.2011 | Appointment as Additional Director |

D) Board Meetings held during the year

During the financial year ended 31st December 2011, six Board Meetings were held on 9th February 2011, 28th April 2011, 26th July 2011, 28th September 2011, 1st November 2011 and 20th December 2011.

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

| Name of Director | Board Meetings Attended | Last AGM Attended |
|------------------|-------------------------|-------------------|
| Dr P K Dutt | 6 | Yes |
| Mr S Bhaumik | 3 | No |
| Mr K Kudo | 4 | Yes |
| Mr P Koek | 4 | Yes |
| Mr D Banerjee | 5 | No |
| Mr S Bose | 6 | Yes |
| Mr B Choudhuri | 6 | Yes |
| Mr P L Agarwal | 2 | Yes |
| Mr B N Ghosh | 6 | Yes |
| Mr U Sengupta | 4 | N.A. |

- F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 64th Annual General Meeting and Explanatory Statement, attached thereto.

3. Audit Committee

A) Terms of Reference

The Audit Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors. The Committee provides the Board with additional assurance as to the adequacy of the Company's internal control systems and financial disclosures. The broad terms of reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and to review with the Management and/or Internal Auditors and/or Statutory Auditors in the following areas:

- i) Overview of the Company's financial reporting process and financial information disclosures;
- ii) Review with the Management, the annual and quarterly financial statements before submission to the Board;
- iii) Review with the Management, the External and Internal Audit Reports and the adequacy of internal control systems;

- iv) Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the Company's policies and applicable laws and regulations;
- v) Recommending the appointment and removal of External Auditors and fixation of audit terms;
- vi) Review of utilization of proceeds raised from Public/Rights Issues.

B) Composition, Name of Members and Chairperson

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

As on 31st December 2011, the Audit Committee of the Company comprises of the following members :

| Name of Member | Category |
|-----------------------|-----------------|
| Mr D Banerjee | Chairman |
| Mr B Choudhuri | Member |
| Mr S Bose | Member |
| Mr B N Ghosh | Member |
| Mr P Koek | Member |

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

C) Meetings during the year

During the financial year ended 31st December 2011, four meetings were held on 9th February 2011, 28th April 2011, 26th July 2011 and 1st November 2011.

D) Attendance of Members at the Audit Committee Meetings

The attendance of the members is as given below:

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

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

4. Remuneration Committee

A) Terms of Reference

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

B) Composition, Name of Members and Chairperson

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

As on 31st December 2011, the Remuneration Committee of the Company comprises of the following members :

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

C) Meetings and Attendance during the year

During the year ended 31st December 2011, one meeting was held on 9th February 2011. All the Members attended the meeting.

D) Remuneration paid/payable to the Directors for the financial year ended 31st December 2011

(Figure in Rs.)

| Name of Director | Salary | Performance Bonus | Commission | Allowances, Perquisites & Retirement Benefits | Sitting Fees | Total |
|------------------|-----------|-------------------|------------|---|--------------|-----------|
| Dr P K Dutt | 2,040,000 | 2,040,000 | — | 5,336,833 | — | 9,416,833 |
| Mr S Bhaumik | 1,680,000 | 1,680,000 | — | 4,343,366 | — | 7,703,366 |
| Mr D Banerjee | — | — | 180,000 | — | 82,000 | 262,000 |
| Mr S Bose | — | — | 180,000 | — | 92,000 | 272,000 |
| Mr B Choudhuri | — | — | 180,000 | — | 92,000 | 272,000 |
| Mr P L Agarwal | — | — | 180,000 | — | 20,000 | 200,000 |
| Mr B N Ghosh | — | — | 180,000 | — | 92,000 | 272,000 |
| Mr U Sengupta | — | — | 75,000 | — | 40,000 | 115,000 |
| Mr K Kudo | — | — | — | — | — | — |
| Mr P Koek | — | — | — | — | — | — |

- Except the Chairman and the Managing Director, all the members of the Board are liable to retire by rotation. The appointment of the Executive Directors is governed by the resolutions passed by the Board, as per recommendations of the Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- The Non-Executive Directors do not hold any shares or convertible instruments of the Company.
- In addition to the sitting fees, the Company has paid commission to its Resident Non-Executive Directors pursuant to approval of the Annual General Meeting held on 12th June 2008. The criteria of payment of commission to the Resident Non-Executive Directors, as decided in the Board Meeting held on 9th February 2011 is as under :
 - Non-Executive Chairman 0.5% of the profits subject to annual ceiling of Rs. 600,000/-
 - Others 0.5% of the profits subject to annual ceiling of Rs. 180,000/- per Director.

- At present, sitting fees of Rs.10,000/- is paid to each resident Non-Executive Director for attending each meeting of the Board and Rs.8,000/- for the Committees thereof.
- No commission and sitting fees are payable to the Non-Resident Non-Executive Directors.

5. Shareholders'/Investors' Grievance Committee

A) Terms of Reference

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

B) Composition

The Shareholders'/Investors' Grievance Committee comprises three Directors. The Chairman is a Non-Executive Director.

As on 31st December 2011, the Committee comprises of:

| Name of Member | Category |
|----------------|----------|
| Mr P L Agarwal | Chairman |
| Dr P K Dutt | Member |
| Mr P Koek | Member |

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

C) Attendance

No meeting was held during the year as no grievance has been received from Shareholders. However a meeting has been held on 8th February 2012. All the members attended the meeting.

D) Status of Transfers

During the year ended 31st December 2011, 1235 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December 2011.

E) Complaints :

During the year ended 31st December 2011, the Company has not received any complaint from shareholders.

6. Subsidiary Company

The Company had no subsidiaries as on 31st December 2011.

7. General Body Meetings

A) Particulars of last three Annual General Meetings

| AGM | Year Ended | Venue | Date | Time |
|------|------------|---|------------|-----------|
| 63rd | 31.12.2010 | Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata 700 001 | 28.04.2011 | 3.00 p.m. |
| 62nd | 31.12.2009 | - Do - | 02.06.2010 | 11.00 a.m |
| 61st | 31.12.2008 | - Do - | 12.05.2009 | 11.00 a.m |

B) Postal Ballot Exercise

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

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

| AGM | Year ended | Particulars of Special Resolution | Date | Time |
|------|------------|-----------------------------------|------------|------------|
| 63rd | 31.12.2010 | N.A. | 28.04.2011 | 3.00 p.m. |
| 62nd | 31.12.2009 | N.A. | 02.06.2010 | 11.00 a.m. |
| 61st | 31.12.2008 | N.A. | 12.05.2009 | 11.00 a.m. |

D) Particulars of last three Extraordinary General Meetings

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

8. Disclosures

- A) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties, as a policy, were made on arms length basis.
- B) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- C) The Company has complied with the requirements of Regulatory Authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.
- D) The Company has adopted a Risk Management Policy in the meeting of the Board of Directors held on 3rd March 2006. It has laid down procedures to inform the Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.
- E) There were no material financial and commercial transactions where senior management of the Company had personal interest that may have a potential conflict with the interest of the Company at large.

9. Means of Communication

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

- B) Quarterly Results:
- Newspapers published in : The Economic Times
Sambad Pratidin
 - Website where displayed : www.dicindialtd.co
- C) Audited Financial Results :
- Newspaper published in : The Economic Times
Sambad Pratidin
- D) Whether the website also displays official news releases and presentations to institutional investors/analysts : Yes
- E) Whether Management Discussion & Analysis Report is a part of Annual Report : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion & Analysis Report.

10. Code of Professional Conduct

The Company has formulated a Code of Conduct for the Employees, including the Directors with all the stakeholders of the Company and the same has been adopted by the Board in the meeting held on 29th April, 2005. The Code covers dealings with customers and suppliers, shareholders, concern for occupational, health, safety and environment and gender friendly workplace. The Code is also available on the Company's official website.

In terms of the resolution passed by the Board of Directors in their meeting held on 8th February 2012, the Board has authorized Dr P K Dutt, Chairman to sign all Certificates as may be required to comply with the statutory requirements.

Accordingly, a declaration from the Chairman that all Board Members and Senior Management Personnel have duly complied with the Code of Conduct for the financial year ended 31st December 2011 forms part of the Annual Report.

11. CEO/CFO Certification

The Certificate duly signed by the Managing Director and the Chief Financial Officer in respect of the financial year ended 31st December 2011 has been placed before the Board in the meeting held on 8th February 2012 and forms a part of the Annual Report.

II. NON-MANDATORY REQUIREMENTS

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

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

2. Remuneration Committee

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

3. Shareholders' Rights

The Company's half-yearly results are published in the newspapers and also posted on its own web-site (www.dicindialtd.co). Hence, the Financial Results are not sent to the shareholders. However, the Company furnishes the quarterly and half-yearly results on receipt of request from the shareholders.

4. Audit Qualification

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

5. Mechanism of evaluating Non-Executive Board Members

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

6. Whistle Blower Policy

The Company has adopted Whistle Blower Policy which has been placed in the website of the Company.

CERTIFICATION

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

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

For DIC India Limited

S Bhaumik
Managing Director

S Chatterjee
Chief Finance Officer

Place: Kolkata
Date: 8th February 2012

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 29th April 2005. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year 31st December 2011. The same has been duly noted by the Board in its meeting held on 8th February 2012.

Place: Kolkata
Date: 8th February 2012

For DIC India Limited

Dr PK Dutt
Chairman

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

To the Members of DIC India Limited

We have examined the compliance of conditions of Corporate Governance by DIC India Limited, for the year ended 31st December 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

Sunit Kumar Basu
Partner
Membership No. 55000

Place : Kolkata
Date : 8th February 2012

Shareholder Information

1. Annual General Meeting

The 64th Annual General Meeting will be held at 11:00 a.m. on Tuesday, 29th May 2012, at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6, Netaji Subhas Road, Kolkata - 700 001.

2. Financial Year

Financial Year: 1st January to 31st December. For the year ended on 31st December 2011, results were announced on :

| Approval of | Board Meeting Date |
|---|--------------------|
| Unaudited Results for 1st quarter ended 31.03.2011 | 28.04.2011 |
| Unaudited Results for 2nd quarter ended 30.06.2011 | 26.07.2011 |
| Unaudited Results for 3rd quarter ended 30.09.2011 | 01.11.2011 |
| Audited Results for financial year ended 31.12.2011 | 08.02.2012 |

3. Book Closure Date

The period of book closure is from 20th May 2012 to 29th May 2012, both days inclusive.

4. Dividend Payment Date

A Dividend payment of Rs. 4.00 per Equity Share of Rs. 10.00 each will be paid on 2nd June 2012, subject to the approval of the members in the Annual General Meeting.

5. Listing on Stock Exchanges

The Equity Shares of the Company are listed on :

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

6. Listing Fees to Stock Exchanges

The Annual Listing Fees for the year 2011-12 have been paid to all these Stock Exchanges. The Annual Listing Fees for the year 2012-13 will be paid within the stipulated time.

7. Annual Custody Fees to Depositories

The Company has paid Annual Custody Fee for the year 2011-12 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Custody Fees for the year 2012-13 will be paid within the stipulated time.

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

The International Securities Identification Number (ISIN) of the Company's shares in the dematerialized mode, as allotted by NSDL and CDSL is INE 303A01010.

9. Stock Code

The Company's Stock Exchange Codes are as follows:

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

10. Market Price Data

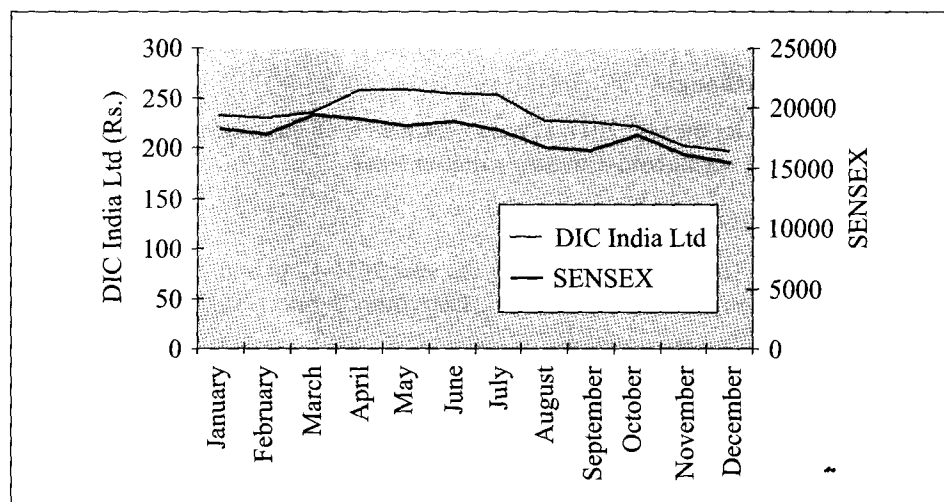
Monthly high and low price of Company's Equity Shares at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from 1st January 2011 to 31st December 2011 are stated hereunder.

| Month | BSE | | NSE | |
|----------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| January 2011 | 269.90 | 222.25 | 275.00 | 222.40 |
| February 2011 | 251.90 | 216.25 | 255.00 | 211.60 |
| March 2011 | 238.00 | 219.00 | 240.00 | 212.25 |
| April 2011 | 276.00 | 232.05 | 275.75 | 232.10 |
| May 2011 | 281.80 | 246.00 | 281.70 | 242.25 |
| June 2011 | 283.80 | 237.05 | 284.75 | 239.00 |
| July 2011 | 281.00 | 250.35 | 269.60 | 247.30 |
| August 2011 | 259.90 | 217.00 | 257.50 | 218.80 |
| September 2011 | 248.00 | 219.05 | 249.50 | 218.35 |
| October 2011 | 228.00 | 219.50 | 245.35 | 218.05 |
| November 2011 | 228.90 | 198.10 | 229.95 | 195.15 |
| December 2011 | 208.95 | 181.00 | 209.70 | 184.40 |

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

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

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



12. Registrar and Share Transfer Agent

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

M/s C B Management Services (P) Limited

P-22, Bondel Road, Kolkata - 700 019
Phone: 033 2280 6692/93/94/2486/2937/4011 6700
Facsimile: 033 2287 0263
E-mail: rta@cbmsl.com
Website: www.cbmsl.com

13. Investor Grievances

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

14. Share Transfer System

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

15. Shareholding Pattern

Pattern of shareholding by ownership as on 31st December 2011

| Category | No. of Shares | % to Share Capital |
|--|------------------|--------------------|
| Promoter's Holding | | |
| Foreign Promoter | 6,586,077 | 71.75 |
| Sub Total (A) | 6,586,077 | 71.75 |
| Non-Promoters Holding | | |
| Directors & Relatives | 133 | 0.00 |
| Insurance Companies | 0 | 0.00 |
| Government/Financial Institutions/Banks/Mutual Funds | 423 | 0.01 |
| Bodies Corporate | 254100 | 2.77 |
| Foreign Institutional Investors | 50 | 0.00 |
| NRI/OCBs | 46887 | 0.51 |
| Public | 2291307 | 24.96 |
| Others | 0 | 0 |
| Sub Total (B) | 2,592,900 | 28.25 |
| Grand Total (A+B) | 9,178,977 | 100.00 |

~

16. Distribution of Shareholding

Distribution of shareholding as on 31st December 2011 is as follows:

| Slab | No. of Shareholders | | No. of Shares | |
|---------------|---------------------|-------------------|------------------|--------------------|
| | Total | % of Shareholders | Total | % to Share Capital |
| 1 — 500 | 8815 | 93.47 | 833583 | 9.08 |
| 501 — 1000 | 294 | 3.12 | 231333 | 2.52 |
| 1001 — 2000 | 157 | 1.66 | 234637 | 2.56 |
| 2001 — 3000 | 65 | 0.69 | 161365 | 1.76 |
| 3001 — 4000 | 30 | 0.32 | 104369 | 1.14 |
| 4001 — 5000 | 24 | 0.25 | 113964 | 1.24 |
| 5001 — 10000 | 26 | 0.28 | 198185 | 2.16 |
| 10001 — 50000 | 17 | 0.18 | 257464 | 2.80 |
| 50001 — above | 3 | 0.03 | 7044077 | 76.74 |
| Total | 9431 | 100.00 | 9,178,977 | 100.00 |

17. Secretarial Audit for Capital Reconciliation

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

18. Dematerialization of Shares and Liquidity

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

As on 31st December 2011, 97.49% of the Company's total paid up capital representing 8,948,547 equity shares were held in dematerialised form and the balance 2.51% representing 230,430 equity shares were held in physical form.

19. Address for correspondence with Depositories

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

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

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

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

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

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

21. Dividend History (last 10 years)

| Financial year | Dividend % | Total Dividend (Rs. in Million) |
|----------------|------------|---------------------------------|
| 2011 | 40 | 36.72 |
| 2010 | 50 | 45.89 |
| 2009 | 40 | 36.72 |
| 2008 | 35 | 32.13 |
| 2007 | 35 | 32.13 |
| 2006 | 35 | 24.09 |
| 2005 | 35 | 24.09 |
| 2004 | 35 | 24.09 |
| 2003 | 35 | 24.09 |
| 2002 | 35 | 24.09 |

22. Unclaimed Dividend

Unclaimed dividend for the last three financial years including 2003 has been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, as per table given hereinbelow :

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on date of Transfer (Rs.) | Transferred to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|------------------------|
| 31.12.2001 | 54th | 24.04.2002 | 27,542,148.00 | 220,643.00 | 26.06.2009 |
| 31.12.2002 | 55th | 25.06.2003 | 24,099,379.50 | 170,408.00 | 19.08.2010 |
| 31.12.2003 | 56th | 29.06.2004 | 24,099,379.50 | 159,295.50 | 11.08.2011 |

Under Companies Act, 1956, no claim for unencashed dividends can lie against either the Company or the IEPF after a period of seven years from the date of disbursement. The dividend for the undernoted years, if unclaimed for 7 years, will be transferred by the Company to IEPF in accordance with the schedule given below:

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on 31/12/2011 (Rs.) | Due for transfer to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|-----------------------------|
| 31.12.2004 | 57th | 29.04.2005 | 24,099,379.50 | 170,651.50 | 06.06.2012 |
| 31.12.2005 | 58th | 15.05.2006 | 24,099,379.50 | 144,823.50 | 22.06.2013 |
| 31.12.2006 | 59th | 29.05.2007 | 24,099,379.50 | 146,216.00 | 06.07.2014 |
| 31.12.2007 | 60th | 12.06.2008 | 32,126,419.50 | 159,449.50 | 20.07.2015 |
| 31.12.2008 | 61st | 12.05.2009 | 32,126,419.50 | 206,958.00 | 19.06.2016 |
| 31.12.2009 | 62nd | 02.06.2010 | 36,715,908.00 | 245,516.00 | 10.07.2017 |
| 31.12.2010 | 63rd | 28.04.2011 | 45,894,885.00 | 291,070.00 | 04.06.2018 |

23. Plant Locations as on 31st December 2011

| Location | Address |
|-----------------|--|
| Kolkata | Transport Depot Road, Kolkata - 700 088 |
| Mumbai | Chandivali Farm, Off Saki Vihar Road, Mumbai - 400 072 |
| Noida | C - 55 A & B, Phase II, Dist. Gautam Budh Nagar, Noida - 201 305 |
| Ahmedabad | Plot No. 633 & 634, G.I.D.C. Industrial Estate, Phase IV, Vatva, Ahmedabad - 382 445 |
| Bangaluru | 66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bangaluru - 562 158 |

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

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

DIC INDIA LIMITED

Transport Depot Road, Kolkata - 700 088
Phone : 033 2449 6591 to 96 (6 lines), Facsimile : 033 2449 5267
E-mail : tb.chatterjee@dic.co.in, Website : www.dicindia ltd.co

Report of the Directors & Management Discussion and Analysis Report

The Directors have pleasure in submitting their Report and Accounts for the year ended 31st December 2011.

OVERVIEW OF THE ECONOMY

The global economy was threatened by the economic crisis in the euro area and uncertainties elsewhere. There was deterioration in the financial conditions as well as growth prospects. A slowdown was visible in the emerging and developing economies also due to the worsening external environment and a weakening internal demand.

India, inspite of the inherent strengths in its economy could not remain immune to the prevailing global scenario. There was a slackening in the pace of growth in the Indian economy. The average GDP growth was projected at 6.9% for 2011-12 after recording 8.4% growth in the preceding two years. WPI based inflation rate remained at approx 7.9%. Tax revenue growth remained far below the budgeted growth, reflecting not only a significant amount of direct tax refunds but also slowdown in indirect tax revenues during the current financial year. A slowdown in IIP was also noticed. The Rupees vis-à-vis the US Dollar depreciated sharply to cross the Rs.50.00 barrier. This has resulted in ballooning imported fuel bill widening the trade deficit. Deficit was noted in all the key areas of gross fiscal deficit and revenue deficit. Current account deficit was estimated at 3.6 per cent of GDP. However, agricultural and services sector performed well. There are signs of recovery in core sectors like coal, fertilizers, cement and electricity. With numerous indicators present, it is believed that the economy will turnaround soon.

At present, the most important challenge before the Government is to restore confidence and put an end to the crisis by supporting growth and providing more liquidity in the market and also to prune inflation. The Government and the Reserve Bank of India are taking various fiscal and monetary steps by responding to the moderating domestic growth and to slowing external demand from advanced economies.

INDUSTRY OVERVIEW (PRINTING INK)

The printing ink consumption is directly related to GDP growth. The size of printing ink market in India is estimated to be in the range of Rs.25 billion and is expected to maintain 10-12 % annual growth in volume led by strong growth in FMCG and Publication space.

FINANCIAL RESULTS

| | (Rs. in Million) | |
|--|------------------|---------|
| | 2011 | 2010 |
| Net Sales | 6747.55 | 5533.61 |
| Other Income | 52.64 | 119.07 |
| Total Income | 6800.19 | 5652.68 |
| Operating Profit | 416.58 | 344.57 |
| Other Non Operating Income | Nil | 50.54 |
| Profit before Taxation & Extraordinary Items | 381.90 | 372.81 |
| Extra Ordinary Income | Nil | 275.69 |
| Provision for Taxation including deferred taxation | 117.39 | 141.10 |
| Profit after Tax | 264.51 | 507.40 |
| Balance brought forward from previous year | 1096.68 | 693.79 |
| Making a total available for appropriation | 1361.19 | 1201.19 |
| Out of which Directors have transferred to General Reserve | 26.45 | 51.00 |
| Your Board recommends for distribution as Dividend at the rate of Rs.4.00/- Share on 9,178,977 Equity Shares (together with Tax on Dividend & Surcharge) absorbing in all (Previous year: Rs.5.00 per share on 9,178,977 equity share) | 42.68 | 53.51 |
| Leaving a balance carried forward of | 1292.06 | 1096.68 |

PERFORMANCE REVIEW

During the year under review, your Company's overall net sales increased from Rs.5533.61 million to Rs.6747.55 million registering an increase of 21.94% in terms of value and 8.2% in terms of volume. During the year under review, the Company witnessed a significant increase in raw material cost partly due to the impact of a major Rupee depreciation in the second half. The Company could pass only a part of the increased input cost to the market. However, due to better product mix and strong cost control, the Company was able to increase its overall operating profit from Rs.344.57 million to Rs.416.58 million which translates into a growth of 20.89% as compared to previous year. Your Company recorded a Pre-tax profit of Rs.381.90 million compared to Rs.322.27 million (excluding Rs.50.54 million towards dividend received from subsidiary) earned in the previous year registering an increase of 18.50%. The post tax profit recorded was Rs. 264.51 million as against Rs.507.40 million of previous year. The results of your Company against last year are not comparable due to the fact that the Company had recorded extraordinary income in the financial year ended 31st December 2010 on account of sale of its stake in its wholly owned subsidiary, DIC Coatings India Limited.

ACCOUNTS OF SUBSIDIARY COMPANY

The Company has no subsidiary.

DIVIDEND

Considering the performance of the Company and keeping in mind the need to conserve resources for future growth, your Board recommends the rate of dividend declared to be Rs.4.00 per share (FY2010 Rs.5.00 per share), subject to approval of shareholders at the ensuing Annual General Meeting.

CAPITALEXPENDITURE

Capital expenditure during the year amounted to Rs.138.64 million, a major part of which was spent on plant & equipment and building renovation.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

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

DEPOSITS FROM PUBLIC

The Company had total unclaimed deposit amounting to Rs.0.25 million at the beginning of the year. After repaying the depositors, the balance amount of Rs.0.20 million remaining unpaid on expiry of 7 years as specified under the Companies Act, 1956 have been transferred to the Investor Education & Protection Fund. Pursuant to such transfer, no claim lies against the Company for unclaimed fixed deposits.

As on 31st December 2011, the Company has no unclaimed deposit lying against it.

HUMAN RESOURCES

Your Company believes that the competence and commitment of the people are the principle drivers of competitive advantage that enable the enterprise to create and deliver value. The industrial relations climate of your Company continues to remain harmonious with focus on improving productivity, quality and safety. Efforts are being made to strengthen organizational culture in order to attract and retain the best talent in the industry. Training needs are identified in a systematic manner and regular training programmes are organised, both in-house and external where employees are nominated to participate. The Board records its appreciation of the commitment and support of the employees and looks forward to their continued support. As on 31st December 2011, the Company had 630 employees on the pay roll.

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

Company, excluding the Statement of Particulars of Employees. Any member interested in obtaining a copy of the said Statement may write to the Senior Executive Vice President (Corporate Affairs and Legal) & Company Secretary of the Company.

WEBSITE OF THE COMPANY

The Company has launched a new website www.dicindialtd.co where detailed information of the Company and its products are provided.

INTERNAL CONTROL SYSTEMS

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

RELATED PARTIES

Notes to the Accounts sets out the nature of transactions with related parties. Transactions with Related Parties are carried out at arm's length. The details of such transactions are placed before the Audit Committee.

FINANCE

The Company's relationships with its consortium and other bankers continued to be cordial throughout the year. The Company would like to thank its Bankers for their support.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

While we do not have a formalized policy in this regard, the Company does support, in a small way, community welfare initiatives. DIC India Ltd's employees are committed to contribute to the realization of sustainable development through their everyday activities. The Company promotes the exchange of information to encourage greater awareness of CSR among its employees, as well as voluntary participation in related initiatives.

Determined to prevent disasters at manufacturing facilities, DIC conducts a variety of accident and safety drills and has taken the necessary steps to ensure full preparation against unforeseeable crises.

Guided by the principle of sustainable development, DIC implements a variety of measures aimed at reducing the environmental footprint. DIC strives to reduce the consumption of resources and energy to facilitate the efficient use of finite natural resources.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investors' protection and maximizing long-term shareholders value. The certificate of the Auditors, M/s Lovelock & Lewes, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges is annexed.

SAFETY AND ENVIRONMENT

Highest priority is accorded to environment, occupational health and safety by your Company. Your Company's factories at Kolkata, Noida, Mumbai and Ahmedabad are all ISO certified by BVQI. Kolkata and Noida plant are ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 certified while Mumbai and Ahmedabad plant are ISO 9001:2008 certified. Your Directors, through the Company's Safety, Health and Environment Department, oversee and review the integrated Environment, Occupational Health and Safety Audits which ensure comprehensive coverage of all Company locations. Various proactive measures have been adopted and implemented which inter-alia include adoption of cleaner technology, conservation of resources through waste reduction, recycling and reuse of waste materials and ongoing training of employees. Your Company's focus on sustainable development will

continue to be reinforced by improving standards of safety and environmental protection and further strengthened by the association with DIC Corporation, Japan which accords vital importance to these aspects.

As you are aware that the Ministry of Corporate Affairs (MCA) has vide its Circular No.17/2011 dated 21st April 2011 and Circular No.18/2011 dated 29th April 2011 (available on the website www.mca.gov.in) has introduced 'Green Initiative' whereby companies can now send various notices/documents/Annual Reports to their shareholders through electronic mode at the registered email address of the shareholders. The Company has accordingly initiated steps in this matter. Further, the Report and Accounts of your Company will also be available at the 'Investors' section of your Company's website, www.dicindia ltd.co in a user friendly, downloadable format.

INFORMATION SYSTEM

The Company runs on ORACLE E-Business Suite Version 11.5 to remain updated with the latest system for better operational and timely information management. Pursuant to the ORACLE license period coming to an end, the Company is in the process of installing SAP ERP suite for a reliable, high end, comprehensive, disciplined and integrated business solution.

DIRECTORS

To broaden the Board of Directors of the Company, Mr.Utpal Sengupta was inducted into the Board with effect from 26th July 2011 as an Additional Director. Mr U Sengupta's appointment is valid till the date of forthcoming Annual General Meeting. The Company has received a notice from a shareholder pursuant to Section 257 of the Companies Act, 1956 proposing his re-appointment. Appropriate resolution seeking his appointment is appearing in the Notice convening the Annual General Meeting of the Company.

Mr U Sengupta, an Independent Director, is not related to any of the other Director in the Company and does not hold any shares in the Company.

Pursuant to the approval of the members in their Annual General Meeting held on 28th April 2011, Dr P K Dutt was appointed as the Chairman of the Company till 31st March 2012 in the Wholetime capacity. Pursuant to the completion of his tenure, the Board in their meeting held on 8th February 2012 appointed Dr. P K Dutt as the non-executive Chairman of the Company with effect from 1st April 2012.

In terms of Articles of Association of the Company, Mr D Banerjee, Mr P Koek and Mr B Choudhuri retire from the Board by rotation and being eligible, offer themselves for re-appointment. They do not hold any shares of the Company.

The appointments of Dr P K Dutt, Mr D Banerjee, Mr P Koek, Mr B Choudhuri and Mr U Sengupta, form part of the Notice of Annual General Meeting and the Resolutions are recommended for your approval.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the year ended 31st December 2011, applicable accounting standards have been followed with no material departure;
- b) your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st December 2011 and of the profit for the year ended on that date;
- c) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the accounts for the year ended 31st December 2011 have been prepared on a going concern basis.

AUDITORS

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

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred a total sum of Rs.0.41 million during the financial year 2011 to the Investor Education & Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividend amounting to Rs.0.16 million and a further Rs.0.25 million towards unclaimed fixed deposits & interests which has been lying with the Company for a period of 7 years from their respective due dates of payment.

RISKS & MITIGATING STEPS

Financial Risk

In the present scenario of interest volatility, the Company avails of various financing options to minimize the effect of interest risk.

Information Technology Risk

The Company is in the process of shifting from ORACLE to SAP in line with the Group policy. To ensure a smooth transition, the Company has a dedicated team of professionals who are going about to bring the change.

Operational Risk

The Company has a certified occupational health and safety management system which benefits to mitigate the risk associated with the health and safety of employees .

BUSINESS OUTLOOK AND FUTURE PROSPECTS

In spite of slowdown in the economy, India is expected to register a growth of 7.6% for the fiscal year 2011-2012. According to reports, the main factors that could adversely impact the markets include oil prices, inflation, high rates and slowing growth.

Although there is a concern that further deterioration of economic crisis might occur, we expect that considering sustained domestic demand and its inherent strength, Indian economy would show rapid improvement.

Your Company's business strategy for the current financial year would be to consolidate the business which showed an impressive growth during last year and to focus on high quality market segment. By integrating individual technologies and functions from our Group's wide range of products, your Company will facilitate the development of new and high performance products. Further, your Company would focus on improving the operating margins through better productivity, greater focus on logistics and effective working capital management.

Your Company's continued focus on Research & Development enabled it to develop several environment friendly products including certain products in the field of high performance to cater to some niche markets. The R & D Centre is recognized by the Central Government, Ministry of Science and Technology. Your Company has a basket of several internationally recognised products and has plans to exploit these as well as to increase sales through new product launches and expanding market network.

The Company has continued its effort to implement all round cost saving measures and improving productivity to ensure that the Company's growth rate continues. The investment in Research and Development measures to upgrade its product portfolio and manufacturing process to cater to the future demands would be continued to maintain your Company's leadership in the market. It is the endeavour of your Company to deploy resources in a balanced manner so as to secure the interest of the shareholders in the short, medium and long term. With a significant improved customer base, experience in varied markets, continuous technical assistance from DIC Corporation, Japan, the world's largest ink manufacturing company and strong management team, your Company feels confident of sustained growth in all the market segments.

ACKNOWLEDGEMENT

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

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

Your Directors look forward to the future with confidence.

On behalf of the Board

DR P K DUTT
Chairman

S BHAUMIK
Managing Director

Kolkata
8th February 2012

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

ANNEXURE TO THE DIRECTORS' REPORT

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

Conservation of Energy

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

FORM - A

CONSERVATION OF ENERGY FOR THE ACCOUNTING PERIOD ENDED 31ST DECEMBER, 2011

(A) Power and Fuel Consumption

| (a) | Fuel consumption | Units | 2011 | 2010 |
|-------|--|----------------|--------------|-------|
| 1 | Electricity | | | |
| (i) | Purchased from Electricity Board | | | |
| | KWH | Million | 10.45 | 10.22 |
| | Total Amount | Rs. in Million | 64.11 | 59.62 |
| | Average Rate | Rs./Units | 6.14 | 5.83 |
| (ii) | Purchased from Others | | | |
| | KWH | Million | — | — |
| | Total Amount | Rs. in Million | — | — |
| | Average Rate | Rs./Units | — | — |
| (iii) | Own Generation - through Diesel Generator | | | |
| | KWH | Million | 0.60 | 0.84 |
| | Unit per litre of diesel | Kwh | 3.03 | 3.03 |
| | Average Rate | Rs./Units | 9.80 | 9.89 |
| 2. | HSD Used | | | |
| | Ltrs | Million | 0.50 | 0.55 |
| | Total Amount | Rs. in million | 17.99 | 17.42 |
| | Average Rate | Rs./Units | 36.30 | 31.62 |
| 3. | Furnace Oil | | | |
| | Ltrs | Million | — | — |
| | Total Amount | Rs. in million | — | — |
| | Average Rate | Rs./Units | — | — |

(b) Consumption Per Unit of Production

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

(B) Research & Development

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

For development of:

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

2. Benefits derived as a result of R&D

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

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

3. Future Plan of Action

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

4. Expenditure on R&D

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

- Capital Expenditure of Rs.8.64 million
- Recurring Expenditure of Rs. 16.50 million
- Total Expenditure Rs. 25.14 million and
- Total R&D Expenditure as a percentage to total turnover was 0.37%.

(C) Technology Absorption, Adoption and Innovation

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

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

2. Benefits Derived as a Result of above Efforts

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

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

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

The Company had executed a Technical Collaboration Agreement with DIC Asia Pacific Pte Ltd., Singapore on 1st July 2008 which was valid for a period of 7 years. Due to restructuring, it has now been decided that the present Technical Collaboration Agreement dated 1st July 2008 between DIC India Ltd and DIC Asia Pacific Pte Ltd. be terminated with effect from 1st July 2011 and a fresh Technical Collaboration Agreement was executed between DIC India Ltd and DIC Corporation, Japan with effect from 1st July 2011. This Technical Collaboration Agreement does not relate to a specific project or product but transfer of technology 'on an ongoing basis' for all the existing and future range of Printing Inks. The scope of Agreement covers upgradation of existing products, manufacturing techniques, quality assurance, raw materials testing, training to Indian technicians and also use of DIC's trade names, brand names, marks and symbols.

(D) Foreign Exchange Earnings and Outgo

Exports during the year stood at Rs. 317.50 million (from Rs. 243.52 million in 2010), registering a significant increase of 30.38%. Earnings in foreign exchange through exports and other earnings amounted to Rs. 319.12 million. Outgo of foreign exchange on import of raw materials, spare parts, capital goods, traded goods and also in respect of royalty, dividend and other matters amounted to Rs. 2016.85 million (Rs. 1645.34 million in 2010).

On behalf of the Board

DR P K DUTT
Chairman

S BHAUMIK
Managing Director

Kolkata
8th February 2012

Auditors' Report

To the Members of DIC India Limited

1. We have audited the attached Balance Sheet of DIC India Limited (the "Company") as at 31st December 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the "Act") and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st December 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the Information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata
8th February 2012

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

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of DIC India Limited on the financial statements for the year ended 31st December, 2011

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties and in transit) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and those in transit have been verified by the management with reference to subsequent receipts and/or relevant documents. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence the provisions of Clause 4 (iii) (b) (c) and (d) are not applicable.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence the provisions of Clauses 4(iii) (f) and (g) are not applicable.
4. In our opinion and according to the information and explanations given to us having regard to the explanation that some inventory items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotation, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) The transaction for purchase of goods made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakhs in respect of a party during the year were of a special nature for which no comparable market prices were available as explained by the management of the Company.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act. and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31st December 2011 which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Amount (Rs.) | Forum where the dispute is pending |
|----------------------------|---------------------|---|
| Income Tax Act | 11,916,693 | Hon'ble High Court at Calcutta |
| | 7,905,005 | Commissioner (Appeals) |
| | 1,477,362 | Income Tax Appellate Tribunal |
| | 372,424 | Deputy Commissioner of Income Tax, Circle 10 |
| Local Sales Tax Act | 55,426,153 | Additional Commissioner of Commercial Taxes Appellate and Revisional Board |
| | 1,109,088 | |
| Central Sales Tax | 1,061,164 | Commissioner (Appeals) |
| | 135,176,303 | Additional Commissioner of Commercial Taxes |
| | 3,000,000 | Joint Commissioner (Appeal) |
| | 5,600,000 | Appellate Tribunal |
| | 228,602 | Hon'ble High Court at Calcutta |
| Excise Duty | 22,614,641 | Commissioner Central Excise (Appeals) |
| | 23,786,608 | CESTAT |
| | 11,908,624 | Jurisdictional Commissioner of Excise |
| Service Tax | 17,220,846 | Commissioner of Service Tax |
| Customs Duty | 3,428,167 | Hon'ble High Court at Calcutta |

10. The Company has no accumulated losses as at 31st December 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and no debentures are outstanding at the end of the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Kolkata
8th February 2012

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

Balance Sheet

BALANCE SHEET

As at 31st December 2011

(Rs. in Million)

| | Schedule | As at 31st December 2011 | As at 31st December 2010 |
|---|----------|--------------------------------|--------------------------------|
| I SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| a) Capital | 1 | 91.79 | 91.79 |
| b) Reserves & Surplus | 2 | 2,567.29 | 2,345.46 |
| Loan Funds | | | |
| a) Secured | 3 | 127.04 | 114.80 |
| b) Unsecured | 4 | 100.00 | — |
| Deferred Tax Liabilities | 13 | 69.21 | 68.82 |
| TOTAL | | 2,955.33 | 2,620.87 |
| II APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| a) Gross Block | 5 | 1,476.91 | 1,352.48 |
| b) Less: Accumulated Depreciation and Amortisation | | 714.58 | 637.90 |
| c) Net Block | | 762.33 | 714.58 |
| d) Capital Work-in-Progress | | 134.45 | 57.64 |
| Investments | 6 | — | — |
| Current Assets, Loans & Advances | | | |
| a) Inventories | 7 | 1,035.28 | 854.37 |
| b) Sundry Debtors | 8 | 1,819.17 | 1,491.42 |
| c) Cash and Bank Balances | 9 | 140.48 | 176.44 |
| d) Loans and Advances | 10 | 300.65 | 330.33 |
| | | 3,295.58 | 2,852.56 |
| Less: Current Liabilities & Provisions | | | |
| a) Liabilities | 11 | 1,160.40 | 910.81 |
| b) Provisions | 12 | 76.63 | 93.10 |
| | | 1,237.03 | 1,003.91 |
| Net Current Assets | | 2,058.55 | 1,848.65 |
| TOTAL | | 2,955.33 | 2,620.87 |
| Notes | 17 | | |
| Significant Accounting Policy | 18 | | |

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

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

On behalf of the Board

For Lovelock and Lewes

Firm Registration Number - 301056E

Chartered Accountants

Sunit Kumar Basu

Partner

Membership Number: 55000

Kolkata, 8th February 2012

S Chatterjee

Chief Finance Officer
Kolkata, 8th February 2012

Dr P K Dutt

Chairman

S Bhaumik

Managing Director

T B Chatterjee

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 8th February 2012

Profit & Loss Account

PROFIT AND LOSS ACCOUNT For the year ended 31st December 2011

| | | (Rs. in Million) | |
|---|----------|-------------------------------------|-------------------------------------|
| | Schedule | Year ended 31st December 2011 | Year ended 31st December 2010 |
| I INCOME | | | |
| Sales | | 7,401.28 | 6,048.18 |
| Less: Excise Duty | | 653.73 | 514.57 |
| | | <u>6,747.55</u> | <u>5,533.61</u> |
| Other Income | 14 | 52.64 | 119.07 |
| | | <u>6,800.19</u> | <u>5,652.68</u> |
| II EXPENDITURE | | | |
| Materials Consumed | 15 | 5,146.88 | 4,135.57 |
| Expenses | 16 | 1,142.26 | 1,035.08 |
| Depreciation and Amortisation | | 88.24 | 85.97 |
| Interest (Note No.17 in Schedule 17) | | 40.91 | 23.25 |
| | | <u>6,418.29</u> | <u>5,279.87</u> |
| III PROFIT | | | |
| Profit before Taxation and Extraordinary Item | | 381.90 | 372.81 |
| Extraordinary Income (Net-off Expenses) | | — | 275.69 |
| Less: Taxation for the year | | | |
| – Current Tax (Note No.10 in Schedule 17) | | 117.00 | 136.40 |
| – Deferred Tax | | 0.39 | 4.70 |
| | | <u>264.51</u> | <u>507.40</u> |
| Profit after Taxation | | 1,096.68 | 693.79 |
| Profit brought forward | | 1,361.19 | 1,201.19 |
| Profit available for appropriation | | <u>1,361.19</u> | <u>1,201.19</u> |
| IV APPROPRIATIONS | | | |
| General Reserve | | 26.45 | 51.00 |
| Proposed Dividend | | 36.72 | 45.89 |
| Dividend Tax including Surcharge | | 5.96 | 7.62 |
| Profit carried forward | | <u>1,292.06</u> | <u>1,096.68</u> |
| | | <u>1,361.19</u> | <u>1,201.19</u> |
| Earnings per Share (Note No.27 in Schedule 17) | | | |
| - Basic and Diluted on Profit before Extraordinary Item (Rs.) | | 28.82 | 28.92 |
| - Basic and Diluted on Profit after Extraordinary Item (Rs.) | | 28.82 | 55.28 |
| Face Value of Equity Shares (Rs.) | | 10.00 | 10.00 |
| Notes | 17 | | |
| Significant Accounting Policy | 18 | | |

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

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

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number: 55000
Kolkata, 8th February 2012

S Chatterjee
Chief Finance Officer
Kolkata, 8th February 2012

On behalf of the Board
Dr P K Dutt
Chairman
S Bhaumik
Managing Director
T B Chatterjee
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary
Kolkata, 8th February 2012

Schedules to the Accounts

| | (Rs. in Million) | |
|---|--------------------------------|--------------------------------|
| | As at 31st December 2011 | As at 31st December 2010 |
| Schedule 1 | | |
| CAPITAL | | |
| Authorised | | |
| 15,000,000 (2010 - 15,000,000) Equity Shares of Rs.10 each | <u>150.00</u> | <u>150.00</u> |
| Issued and Subscribed | | |
| 9,178,977 (2010 - 9,178,977) Equity Shares of Rs.10 each fully paid | <u>91.79</u> | <u>91.79</u> |
| | <u>91.79</u> | <u>91.79</u> |

Of the above Shares:

- 1) 35,013 shares were allotted as fully paid up pursuant to contracts without payment being received in cash,
- 2) 1 share was allotted partly for cash amounting to Rs.6.67 and balance Rs.3.33 for other consideration pursuant to contracts,
- 3) 4,044,351 shares were allotted as fully paid up Bonus Shares by capitalisation of Share Premium and General Reserve,
- 4) 6,586,077 shares are currently held by the holding company, DIC Asia Pacific Pte Limited, Singapore.

| | (Rs. in Million) | |
|---|--------------------------------|--------------------------------|
| | As at 31st December 2011 | As at 31st December 2010 |
| Schedule 2 | | |
| RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| As per last Account | 0.05 | 0.05 |
| Securities Premium Account | | |
| As per last Account | 654.81 | 654.81 |
| General Reserve: | | |
| As per last Account | 593.92 | 542.92 |
| Add: Transferred from Profit & Loss Account | <u>26.45</u> | <u>51.00</u> |
| | <u>620.37</u> | <u>593.92</u> |
| Profit & Loss Account | <u>1,292.06</u> | <u>1,096.68</u> |
| | <u>2,567.29</u> | <u>2,345.46</u> |

Schedules to the Accounts

| | As at 31st December 2011 | (Rs. in Million) As at 31st December 2010 |
|---|--------------------------------|--|
| Schedule 3 | | |
| SECURED LOANS | | |
| Overdrafts/Working Capital Loans | | |
| From Banks: | 127.04 | 114.80 |
| (Note No.3 in Schedule 17) | | |
| | <u>127.04</u> | <u>114.80</u> |
| Schedule 4 | | |
| UNSECURED LOANS | | |
| Short Term Loan from Banks | 100.00 | — |
| | <u>100.00</u> | <u>—</u> |

Schedules to the Accounts

Schedule - 5

FIXED ASSETS

(Rs. in Million)

| Particulars | Gross Block | | | Depreciation | | | Amortisation | | | Net Block | | | | |
|--------------------------|---------------------|---------------------------|---------------------------|-----------------------|----------------|------------------------------|--------------|------------------|----------------|------------------------------|--------------|------------------|----------------------------|----------------------------|
| | Cost as at 1.1.2011 | Additions during the year | Sales/ Discards/ Transfer | Cost as at 31.12.2011 | As at 1.1.2011 | On Sales/ Discards/ Transfer | For the Year | As at 31.12.2011 | As at 1.1.2011 | On Sales/ Discards/ Transfer | For the Year | As at 31.12.2011 | Net Value as at 31.12.2011 | Net Value as at 31.12.2010 |
| INTANGIBLE ASSETS | | | | | | | | | | | | | | |
| Computer Software | 20.04 | — | — | 20.04 | — | — | — | 20.04 | — | — | — | — | — | — |
| TANGIBLE ASSETS | | | | | | | | | | | | | | |
| Land-Freehold | 9.08 | — | — | 9.08 | — | — | — | — | — | — | — | — | 9.08 | 9.08 |
| Land-Leasehold | 17.47 | — | — | 17.47 | — | — | — | 3.75 | — | — | 0.45 | 4.20 | 13.27 | 13.72 |
| Buildings | 203.04 | 14.09 | 0.86 | 216.27 | 79.12 | 0.49 | 10.57 | 89.20 | — | — | — | — | 127.07 | 123.92 |
| Plant and Machinery | 1,012.73 | 120.18 | 10.62 | 1,122.29 | 466.70 | 8.50 | 70.86 | 529.06 | — | — | — | — | 593.23 | 546.03 |
| Furniture and Fittings | 33.22 | 1.75 | 0.95 | 34.02 | 20.88 | 0.83 | 1.92 | 21.97 | — | — | — | — | 12.05 | 12.34 |
| Vehicles | 2.59 | 0.70 | 0.48 | 2.81 | 2.07 | 0.46 | 0.14 | 1.75 | — | — | — | — | 1.06 | 0.52 |
| Computers | 54.31 | 1.92 | 1.30 | 54.93 | 45.34 | 1.28 | 4.30 | 48.36 | — | — | — | — | 6.57 | 8.97 |
| Total | 1,352.48 | 138.64 | 14.21 | 1,476.91 | 614.11 | 11.56 | 87.79 | 690.34 | 23.79 | — | 0.45 | 24.24 | 762.33 | 714.58 |
| Previous year | 1,236.27 | 133.52 | 17.31 | 1,352.48 | 547.12 | 14.35 | 81.34 | 614.11 | 19.16 | — | 4.63 | 23.79 | 714.58 | |

Schedules to the Accounts

(Rs. in Million)

| | As at 31st December 2011 | As at 31st December 2010 |
|--|--------------------------------|--------------------------------|
| Schedule 6 | | |
| INVESTMENTS (At cost less provision) | | |
| Long Term Investments - Unquoted | | |
| 1) Other than Trade | | |
| Unquoted | | |
| * Magnum Tower Co-operative Housing Society Ltd., 10 Equity Shares of Rs.50 each fully paid (Rs.500) | — | — |
| * Sheffield Towers Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (Rs.250) | — | — |
| * Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10 each fully paid (Rs.200) | — | — |
| | — | — |
| | — | — |

* These investments relate to ownership flats included in Fixed Assets

Schedules to the Accounts

(Rs. in Million)

| | As at 31st December 2011 | As at 31st December 2010 |
|---|--------------------------------|--------------------------------|
| Schedule 7 | | |
| INVENTORIES | | |
| (At lower of Cost and Net Realisable Value) | | |
| Stores and Spare Parts | 13.30 | 19.24 |
| Raw Materials [including Goods in Transit Rs.95,787,765 (2010 - Rs.30,991,445)]* | 467.57 | 358.35 |
| Finished Goods* | 405.74 | 309.07 |
| Intermediates | 128.88 | 147.73 |
| Containers | 19.79 | 19.98 |
| | <u>1,035.28</u> | <u>854.37</u> |

*including stock lying with third parties

Schedule 8**SUNDRY DEBTORS**

Debts outstanding over six months

| | | |
|-------------------------------------|-----------------|-----------------|
| Secured - Considered good | 0.19 | 0.80 |
| Unsecured - Considered good | 21.66 | 37.88 |
| Unsecured - Considered doubtful | 4.07 | 1.29 |
| | <u>25.92</u> | <u>39.97</u> |
| Less : Provision for Doubtful Debts | 4.07 | 1.29 |
| | <u>21.85</u> | <u>38.68</u> |
| Other Debts | | |
| Secured - Considered good | 18.12 | 19.80 |
| Unsecured - Considered good | 1,779.20 | 1,432.94 |
| | <u>1,819.17</u> | <u>1,491.42</u> |

Schedule 9**CASH AND BANK BALANCES**

| | | |
|---|---------------|---------------|
| Cash Balance in Hand | 0.61 | 0.81 |
| Cheques in Hand | 95.33 | 143.70 |
| Remittance in Transit | 0.12 | 0.23 |
| Bank Balances - | | |
| With Scheduled Banks on Current Account | 44.42 | 31.70 |
| | <u>140.48</u> | <u>176.44</u> |

Schedules to the Accounts

(Rs. in Million)

| | As at 31st December 2011 | As at 31st December 2010 |
|--|--------------------------------|--------------------------------|
| Schedule 10 | | |
| LOANS AND ADVANCES | | |
| (Unsecured, considered good, unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received * | 160.59 | 193.06 |
| Deposits | 32.76 | 39.43 |
| Balances with Central Excise etc. | 107.30 | 97.84 |
| | <u>300.65</u> | <u>330.33</u> |

* includes amount due from an Officer of the Company Rs.477,532 (2010 - Rs.577,528), maximum amount outstanding at any point of time during the year Rs.577,528 (2010 - Rs.677,024)

* includes amount due from Directors Rs.240,200 (2010 - Rs.350,600), maximum amount outstanding at any point of time during the year Rs.350,600 (2010 - Rs.1,002,696)

Schedule 11

LIABILITIES

| | | |
|---|-----------------|---------------|
| Acceptances | 19.21 | 22.01 |
| Sundry Creditors | | |
| - Total outstanding dues of Micro Enterprises and Small Enterprises | 27.79 | 23.94 |
| - Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises | 1,088.50 | 841.99 |
| (Note No.11 in Schedule 17) | | |
| Other Liabilities | 24.90 | 22.87 |
| | <u>1,160.40</u> | <u>910.81</u> |

Schedule 12

PROVISIONS

| | | |
|--|--------------|--------------|
| Proposed Dividend | 36.72 | 45.89 |
| Corporate Dividend Tax including Surcharge | 5.96 | 7.62 |
| Taxation (Net of Advance Tax Payments) | 2.06 | 2.21 |
| Employees Benefit Scheme | 31.89 | 37.38 |
| | <u>76.63</u> | <u>93.10</u> |

Schedules to the Accounts

(Rs. in Million)

| | As at 31st December 2011 | As at 31st December 2010 | | As at 31st December 2010 |
|--|-------------------------------------|-------------------------------------|----------|--------------------------------|
| Schedule 13 | | | | |
| DEFERRED TAX | | | | |
| Assets | | | | |
| Employees' Separation Costs | (1.93) | (1.17) | | |
| Provision for Bad and Doubtful Debts | (1.32) | (0.43) | | |
| Right Issue Expenses | — | (0.57) | | |
| Retirement Benefits | (9.19) | (6.36) | (8.53) | |
| Liabilities | | | | |
| Fiscal Allowances on Fixed Assets | 81.65 | 77.35 | | |
| | <u>69.21</u> | <u>68.82</u> | | |
| | Year ended 31st December 2011 | Year ended 31st December 2010 | | |
| Schedule 14 | | | | |
| OTHER INCOME | | | | |
| Miscellaneous Income | | | | |
| Sale of Containers | 9.52 | 8.74 | | |
| Miscellaneous Receipts (Note No.8 in Schedule 17) | 36.82 | 57.43 | | |
| Bad Debts recovered | 0.07 | 1.40 | 67.57 | |
| Interest (Gross) on | | | | |
| (Note No.9 in Schedule 17) | | | | |
| Loans and Advances | 0.39 | 0.31 | | |
| Deposit with Banks | — | 0.28 | 0.59 | |
| Dividend Received from Subsidiary | — | — | 50.54 | |
| Profit on disposal of Fixed Assets | 5.84 | 0.37 | | |
| | <u>52.64</u> | <u>119.07</u> | | |
| Schedule 15 | | | | |
| MATERIALS CONSUMED | | | | |
| Commencing Stock | | | | |
| Raw Materials | 358.35 | 247.21 | | |
| Finished Goods | 309.07 | 213.14 | | |
| Intermediates | 147.73 | 104.78 | | |
| Containers | 19.98 | 8.51 | 573.64 | |
| Add: Purchases | | | | |
| Raw Materials | 4,651.47 | 3,766.76 | | |
| Finished Goods (Note No.13(iii) in Schedule 17) | 294.00 | 274.29 | | |
| Containers | 359.35 | 318.05 | 4,359.10 | |
| Less: Closing Stock | | | | |
| Raw Materials | 467.57 | 358.35 | | |
| Finished Goods | 405.74 | 309.07 | | |
| Intermediates | 128.88 | 147.73 | | |
| Containers | 19.79 | 19.98 | 835.13 | |
| | <u>5,117.97</u> | <u>4,097.61</u> | | |
| Differential Excise Duty on Finished Goods and Intermediates | 9.95 | 14.43 | | |
| Inter-Factory Freight | 18.96 | 23.53 | | |
| | <u>5,146.88</u> | <u>4,135.57</u> | | |

Schedules to the Accounts

(Rs. in Million)

| | Year ended 31st December 2011 | Year ended 31st December 2010 |
|---|-------------------------------------|-------------------------------------|
| Schedule 16 | | |
| EXPENSES | | |
| Salaries, Wages and Bonus | 324.74 | 277.33 |
| Contribution to Provident Fund and other Funds (Net) (Note No.26 in Schedule 17) | 43.94 | 52.73 |
| Workmen and Staff Welfare Expenses | 43.01 | 43.25 |
| Directors' Fees | 0.42 | 0.45 |
| Selling Agents' Commission | 71.63 | 53.50 |
| Discount and Rebates | 4.18 | 4.00 |
| Travelling Expenses | 27.08 | 19.93 |
| Rent (Note No.5 in Schedule 17) | 19.38 | 17.59 |
| Rates and Taxes | 9.26 | 9.25 |
| Power and Fuel | 111.28 | 102.32 |
| Insurance | 18.62 | 22.32 |
| Despatching Expenses | 178.13 | 150.21 |
| Miscellaneous Expenses (Note No.7 in Schedule 17) | 141.29 | 160.55 |
| Processing Charges | 13.64 | 11.26 |
| Royalty | 86.48 | 70.36 |
| Repairs and Maintenance | | |
| Buildings | 6.76 | 5.15 |
| Plant and Machinery | 33.85 | 26.78 |
| Others | 5.86 | 5.44 |
| Auditors' Remuneration (Note No.16 in Schedule 17) | 2.71 | 2.66 |
| | <u>1,142.26</u> | <u>1,035.08</u> |

Schedules to the Accounts**Schedule annexed to and forming part of Financial Statements for the year ended 31st December, 2011****Schedule 17****NOTES TO THE FINANCIAL STATEMENTS****1. Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 48,013,347 (2010 - Rs. 82,869,014)

2. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- Income Tax matters Rs. 32,665,150 (2010 - Rs. 30,986,350) pending in appeals.
- Disputed Sales Tax, Excise Duties, etc. Rs.288,746,552 (2010 - Rs.161,399,243) for which appeals before the relevant authorities are pending disposal.
- In respect of Bills Discounted Rs. NIL (2010 - Rs.2,505,254)

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

3. Secured Loans

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

- Mortgage of immovable properties of industrial land at Plot 633 & 634 at Vatwa Industrial Estate at Ahmedabad; Transport Depot Road, Kolkata; Chandivali Farm, Mumbai; Plot C-55A Noida Phase II, U.P. (together with all structures thereon) and also by deposit of title deeds/share certificates in respect of the residential flats at Mumbai, Kolkata, Chennai and New Delhi.
- Hypothecation of movable properties of the Company, including Plant and Machinery, Spares, Stores, Tools and Accessories both present and future;
- Hypothecation of Stock-in-Trade of the Company both present and future; and
- Hypothecation of Book Debts of the Company both present and future.

The consortium of banks shares the relevant securities on *pari passu* basis. It is, however, agreed that the banks will release the first charge in case the Company borrows in future against securities mentioned in Item 3(a) above.

4. Derivative Instruments

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

| Currency Exchange | As at 31st December 2011 | | | As at 31st December 2010 | | |
|-------------------|--------------------------|-----------|-------------|--------------------------|------------|--------------|
| | Sell | Buy | Net | Sell | Buy | Net |
| EURO | 269,458 | 390,427 | (120,969) | 235,995 | 402,422 | (166,427) |
| GBP | — | 158,111 | (158,111) | 103,528 | 290,455 | (186,927) |
| JPY | — | 9,354,640 | (9,354,640) | 883,500 | 25,583,900 | (24,700,400) |
| USD | 1,557,784 | 2,575,926 | (1,018,142) | 1,513,625 | 2,802,350 | (1,288,725) |
| CHF | — | 3,032 | (3,032) | 135,678 | — | 135,678 |

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

| Currency Exchange | As at 31st December 2011 | | | As at 31st December 2010 | | |
|-------------------|--------------------------|---------|-----------|--------------------------|-----|-----|
| | Sell | Buy | Net | Sell | Buy | Net |
| USD | — | 274,007 | (274,007) | — | — | — |

Schedules to the Accounts

Schedule 17 (contd.)

5. Assets acquired under Operating Lease

- (a) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, stores, godowns etc). These leasing arrangements, which are not non-cancelable, range between 11 months to 4 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.
- (b) The Company acquired certain assets under operating lease, which are non-cancelable for a period of 4 years with option to renew the same for a further period at a minimum rent. Details of lease payments outstanding as at 31.12.2011 and amount paid during the year are given below :

| | Minimum lease Payments due | |
|---|-----------------------------|-------------------|
| | <u>2011 (Rs.)</u> | <u>2010 (Rs.)</u> |
| Not later than one year | 4,191,084 | 5,162,421 |
| Later than one year and not later than five years | 4,607,627 | 7,375,028 |
| | Amount paid during the year | |
| Lease payment recognised in the Profit & Loss Account | 6,184,217 | 6,542,069 |
| | <u>2011 (Rs.)</u> | <u>2010 (Rs.)</u> |

6. Unclaimed Fixed Deposits

Sundry Creditors include:

| | | |
|---|---|---------|
| (a) Unclaimed Fixed Deposit | — | 249,000 |
| (b) Unclaimed Interest on Fixed Deposit | — | 55,145 |

7. Expenses

Miscellaneous Expenses include:

| | | |
|---|-----------|------------|
| (a) Bad Debts written off | 8,929,559 | 42,662,252 |
| (b) Provision for Bad and Doubtful Debt | 2,814,730 | 1,292,259 |
| (c) Fixed Assets written off | 1,956,199 | 1,409,534 |

8. Other Income

Miscellaneous Receipts include:

| | | |
|---|------------|------------|
| (a) Fees for Services rendered (Gross) | 5,070,000 | 12,145,000 |
| (b) Commission received (Gross) | 1,621,349 | 2,001,260 |
| (c) Discounts | 2,444,284 | 2,232,456 |
| (d) Exchange gain (Net) | 17,934,440 | 21,743,482 |
| (e) Liability/Provision no longer required written back | 2,127,794 | 9,541,818 |

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

| | <u>2011 (Rs.)</u> | <u>2010 (Rs.)</u> |
|---|-------------------|-------------------|
| 9. Interest Income | | |
| The Income Tax deducted at source on Interest | 39,343 | 67,597 |

10. Provision for Taxation

Provision for taxation made in these accounts is based on the profit for the current financial period including the results of the operations for the period from 1st January 2011 to 31st March 2011 forming part of the Assessment Year 2011-2012. Ultimate liability for taxation for the Assessment Year 2012-2013 will be determined on the basis of the profit for the last nine months of the current financial period together with that of subsequent three months upto 31st March 2012 as one composite income.

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

| | 2011 (Rs.) | 2010 (Rs.) |
|--|-------------------|-------------|
| (i) Principal Amount remaining unpaid at the end of the year | 27,793,942 | 23,936,068 |
| Interest due thereon remaining unpaid as at the end of year | 5,591,164 | 4,528,329 |
| (ii) Delayed payment of principal amount paid beyond the appointed day during the year | 80,574,348 | 123,101,706 |
| Interest actually paid under Section 16 of the Act, during the year | — | — |
| (iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; | — | — |
| (iv) a) Interest accrued during the year | 1,062,835 | 387,408 |
| b) Interest remaining unpaid, out of above, as at the end of the year | 1,062,835 | 387,408 |
| (v) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act. * | 5,591,164 | 4,528,329 |

* Included in Serial No.5 above is Rs.4,528,329 (2010 - Rs.4,140,921) being interest on amount outstanding as at the beginning of the Accounting Year.

Schedules to the Accounts

Schedule 17 (contd.)

12. Raw Material Consumed

| Class of Goods | 2011 | | 2010 | |
|--------------------------------|----------|----------------------|----------|----------------------|
| | Quantity | Value (Rs.) | Quantity | Value (Rs.) |
| Pigments (M.T.) | 7,592 | 1,277,944,322 | 7,153 | 1,133,706,464 |
| Resins (M.T.) | 6,639 | 992,443,531 | 6,585 | 756,961,928 |
| Oil (M.T.) | 15,393 | 805,641,752 | 13,898 | 590,918,602 |
| Solvents (M.T.) | 11,469 | 838,068,448 | 10,361 | 599,031,691 |
| Miscellaneous Chemicals (M.T.) | 4,126 | 603,409,342 | 4,100 | 546,116,092 |
| Rubber Blanket (Sq. Yards) | 30,818 | 24,747,753 | 32,268 | 28,882,147 |
| TOTAL | | 4,542,255,148 | | 3,655,616,924 |

13. Capacity, Production, Sales and Stock

(a) Capacities and Production

| Class of Goods | Annual Capacity | | | Actual Production for Sales |
|----------------------|-----------------|------------|--------------------|-----------------------------|
| | Unit | Licensed * | Installed ** | |
| Printing Inks | Tonnes | N.A. | 60,288 (60,288) | 42,209 (38,371) |
| Press Room Chemicals | Tonnes | N.A. | 360 (360) | 53 (69) |
| Rubber Blankets | Sq. Yards | N.A. | — (—) | 9,563 (11,736) |

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

** As certified by the Management.

Figures within brackets related to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

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

| Class of Goods | Opening Stock | | Closing Stock | | Sales | |
|-----------------------------|------------------|-------------------------------------|------------------|-------------------------------------|--------------------|---|
| | Qty | Value (Rs.) | Qty | Value (Rs.) | Qty | Value (Rs.) |
| Printing Inks (M.T.) | 1,832 (1,325) | 252,690,101 (166,288,824) | 2,390 (1,832) | 351,059,543 (252,690,101) | 41,651 (37,864) | 6,729,165,144 (5,411,384,433) |
| Press Room Chemicals (M.T.) | 6 (21) | 382,279 (1,654,263) | 8 (6) | 768,163 (382,279) | 51 (84) | 7,321,250 (11,547,439) |
| Rubber Blankets (Sq. Yards) | 291 (715) | 722,759 (1,816,355) | 384 (291) | 705,087 (722,759) | 9,470 (12,160) | 41,142,642 (46,892,028) |
| Lamination Adhesive* (M.T.) | 135 (134) | 16,026,970 (13,542,544) | 122 (135) | 16,573,099 (16,026,970) | 1,795 (1,997) | 284,284,367 (264,680,605) |
| TOTAL | | 269,822,109 (183,301,986) | | 369,105,892 (269,822,109) | | 7,061,913,403 (5,734,504,505) |

* The entire processing of Lamination Adhesive of 1,782 M.T. (2010 - 1,998 M.T.) is done on behalf of the Company by Valspar (India) Coatings Corporation Pvt. Ltd. (erstwhile DIC Coatings India Limited), as a job worker pursuant to an agreement with effect from May 2006.

Figures within brackets relate to previous year.

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

| Class of Goods | Unit | Opening Stock | | Purchase | | Sales | | Closing Stock | |
|----------------|-------|---------------------|-----------------------------------|----------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|-----------------------------------|
| | | Qty | Value (Rs.) | Qty | Value (Rs.) | Qty | Value (Rs.) | Qty | Value (Rs.) |
| Press Aid | Ltrs. | 101,621 (84,659) | 9,671,412 (6,931,842) | 937,731 (933,216) | 82,164,291 (79,083,204) | 862,343 (916,254) | 99,684,882 (102,840,668) | 177,009 (101,621) | 15,923,189 (9,671,412) |
| Printing Inks | Kgs. | 37,335 (19,234) | 12,046,415 (8,378,470) | 405,422 (539,106) | 107,548,071 (117,252,627) | 412,922 (521,005) | 119,278,270 (128,123,793) | 29,835 (37,335) | 9,928,413 (12,046,415) |
| Chemicals | Kgs. | 29,967 (10,599) | 16,919,849 (14,523,197) | 116,879 (84,335) | 96,357,636 (66,600,616) | 118,601 (64,967) | 110,423,738 (70,612,249) | 28,245 (29,967) | 10,782,042 (16,919,849) |
| Machine | Nos. | 1 (0) | 613,125 (0) | 5 (6) | 2,174,700 (2,437,625) | 6 (5) | 3,015,980 (1,965,000) | 0 (1) | 0 (613,125) |
| Others | M.T. | 0 (0) | 0 (0) | 42,119 (64,400) | 5,753,681 (8,916,409) | 42,119 (64,400) | 6,962,955 (10,129,917) | 0 (0) | 0 (0) |
| Total | | | 39,250,801 (29,833,509) | | 293,998,379 (274,290,481) | | 339,365,825 (313,671,627) | | 36,633,644 (39,250,801) |

Figure within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

14. Directors' Remuneration

(a) Directors' Remuneration included in Schedule 16

| | 2011 (Rs.) | 2010 (Rs.) |
|---|-------------------|-------------------|
| Salary | 3,720,000 | 3,314,500 |
| Commission | 975,000 | 750,000 |
| Management Allowance | 3,480,000 | 3,012,000 |
| Leave Encashment | 170,917 | 248,718 |
| Contribution to Provident and other funds | 1,261,111 | 2,460,366 |
| Performance Bonus | 3,720,000 | 2,844,150 |
| Estimated value of Perquisites | 4,768,171 | 4,449,403 |
| Sitting Fees | 418,000 | 448,000 |
| | 18,513,199 | 17,527,137 |

(b) Computation of Net Profit and Directors' Commission under Section 198/349 of the Companies Act, 1956

| | | |
|---|--------------------|--------------------|
| Profit as per Profit & Loss Account (before Tax) | 381,896,649 | 372,821,158 |
| Add: Directors' Remuneration | 18,513,199 | 17,527,137 |
| Add: Amount paid under Voluntary Retirement Scheme | 2,826,184 | 516,000 |
| Add: Provision for Wealth Tax | 215,550 | 183,363 |
| Add: Depreciation as per books | 87,788,348 | 81,341,593 |
| Add: Provision for Bad and Doubtful Debts | 2,814,730 | 1,292,259 |
| Add: Profit/(Loss) on disposal of Fixed Assets under Section 350 of the Companies Act, 1956 | 5,869,356 | 40,915 |
| | 499,924,016 | 473,722,425 |
| Less: Depreciation under Section 350 of the Companies Act, 1956 | 82,689,315 | 75,459,861 |
| Less: Profit/(Loss) on disposal of Fixed Assets as per books | 5,840,635 | 373,762 |
| Less: Capital Profit on disposal of Fixed Assets | 5,565,231 | — |
| Profit for computation of Directors' Remuneration | 405,828,835 | 397,888,802 |
| Commission thereon: | | |
| @ 1% to Resident Indian Non-Wholetime Directors | 4,058,288 | 3,978,888 |
| Restricted to a maximum amount payable to Resident Indian Non-Wholetime Directors | 975,000 | 750,000 |

~

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

| | <u>2011 (Rs.)</u> | <u>2010 (Rs.)</u> |
|---|-------------------|-------------------|
| 15. Consumption of Stores and Spare Parts | | |
| Total consumption of stores and spare parts Rs.75,942,760 (2010 - Rs.68,203,290) includes for: | | |
| (a) Repairs to Plant and Machinery | 14,146,894 | 12,750,971 |
| (b) Miscellaneous Expenses | 18,110,535 | 14,408,489 |
| (c) Power and Fuel | 43,685,331 | 41,043,830 |
| | <u>75,942,760</u> | <u>68,203,290</u> |
| 16. Aggregate amount paid/payable to the Auditors | | |
| (a) Audit Fees | 1,100,000 | 1,100,000 |
| (b) Other Matters | 1,187,500 | 1,160,000 |
| (c) Out of Pocket Expenses | 73,246 | 50,000 |
| (d) Tax Audit | 350,000 | 350,000 |
| | <u>2,710,746</u> | <u>2,660,000</u> |
| 17. Interest on Fixed Period Loans | | |
| Interest includes Interest on Fixed Period Loans | 29,419,578 | 8,579,454 |
| 18. CIF Value of Imports for | | |
| Raw Materials | 1,625,520,661 | 1,290,368,846 |
| Spare Parts | 6,626,783 | 12,980,821 |
| Capital Goods | 41,344,540 | 43,506,447 |
| Goods Traded in | 224,414,930 | 200,282,785 |
| 19. Expenditure in Foreign Currency (on remittance basis) | | |
| Royalty (Net of Tax) | 69,268,755 | 59,508,105 |
| Others (includes bank charges, commission and travelling) | 16,745,704 | 12,328,381 |

Schedules to the Accounts

Schedule 17 (contd.)

20. Details relating to Consumption

| | 2011 | | 2010 | |
|----------------------------|----------------|---------------------------|----------------|---------------------------|
| | Value (Rs.) | % of Total Consumption | Value (Rs.) | % of Total Consumption |
| (a) Raw Material | | | | |
| Imported (at landed cost) | 1,727,763,570 | 38.04 | 1,359,170,163 | 37.18 |
| Indigenous | 2,814,491,578 | 61.96 | 2,296,446,761 | 62.82 |
| Total | 4,542,255,148 | 100.00 | 3,655,616,924 | 100.00 |
| (b) Stores and Spare Parts | | | | |
| Imported (at landed cost) | 2,295,870 | 3.02 | 7,189,969 | 10.54 |
| Indigenous | 73,646,890 | 96.98 | 61,013,321 | 89.46 |
| Total | 75,942,760 | 100.00 | 68,203,290 | 100.00 |

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

| | 2011 (Rs.) | 2010 (Rs.) |
|---|------------|------------|
| Amount Remitted - (INR) | 32,930,385 | 26,344,308 |
| USD Value 734,889.20 (2010 - USD 576,185.91) | | |
| Year to which dividend relates | 31.12.2010 | 31.12.2009 |
| Number of Non-Resident Shareholder(s) | One | One |
| Number of shares held by Non-Resident Shareholder(s) to which the dividends are related | 6,586,077 | 6,586,077 |

22. Earnings in Foreign Exchange during the year

| | 2011 (Rs.) | 2010 (Rs.) |
|------------------------------|-------------|-------------|
| Export of goods on FOB basis | 317,501,919 | 243,516,660 |
| Commission | 1,621,349 | 2,001,260 |

23. Expenditure on Research and Development

| | 2011 (Rs.) | 2010 (Rs.) | 2009 (Rs.) |
|--|------------|------------|------------|
| (a) For the purpose of Section 35(2AB) of the Income Tax Act, 1961 | | | |
| Revenue Expenditure | 16,497,464 | 14,809,926 | 17,448,641 |
| Capital Expenditure | 4,472,784 | 96,000 | — |
| (b) Other Research and Development Expenditure (Capital) | 4,168,206 | 3,596,301 | 7,155,090 |
| | 25,138,454 | 18,502,227 | 24,603,731 |

Schedules to the Accounts

Schedule 17 (contd.)

24. Related Parties Disclosures

(i) Names of Related Parties

(a) Holding Company

DIC Asia Pacific Pte Ltd., Singapore

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

DIC Corporation, Japan

(c) Subsidiary

DIC Coatings India Limited, till 31st May 2010

(d) Fellow Subsidiaries

| | |
|---|---|
| DIC Graphics Corporation | DIC Interior Co. Ltd. |
| DIC Investments Japan, LLC. | Renaissance Inc. |
| DIC Machinery & Printer's Supplies, Inc. | DIC Information Service Inc. |
| TOPIC Co. Ltd. | Nantong DIC Color Co. Ltd. |
| Hamamatsu DIC | Shanghai Showa Highpolymer Co. Ltd. |
| DIC Kyushu Polymer Co. Ltd. | Shanghai DIC Pressure-sensitive Adhesive Materials Co. Ltd. |
| DIC Color Coatings Inc. | Seiko PMC (Shanghai) Commerce & Trading Corp. |
| DIC Kitanihon Polymer Co. Ltd. | DIC (Nantong) Metallic Pigment Co. Ltd. |
| DIC Kako Inc. | Lianyungang DIC Color Co. Ltd. |
| Oxirane Chemical Corp. | DIC Trading (HK) Ltd. |
| Mizushima Kasozai Inc. | DIC Express Co. Ltd. |
| Nippon Epoxy Resin Manufacturing Co. Ltd. | Tien Lee Hong Co. Ltd. |
| Japan Formalin Company Inc. | DIC Graphics (Hong Kong) Ltd. |
| DIC Bayer Polymer Ltd. | DIC Graphics Chia Lung Corp. |
| DH Material Inc. | DIC (Taiwan) Ltd. |
| Japan Fine Coatings Inc. | Lidye Chemical Co. Ltd. |
| SUNDIC Incorporated | DIC Colorants Taiwan Co. Ltd. |
| DIC Plastics Inc. | DIC Korea Corp. |
| DIC Molding Inc. | Aekyung Chemical Co. Ltd. |
| Techno Science Inc. | Kangnam Chemical Co. Ltd. |
| DIC EP Corporation | DIC Alkylphenol Singapore Pte. Ltd. |
| YD Plastics Co. Ltd. | DIC Compounds (Malaysia) Sdn. Bhd. |
| Fuji Label Co. Ltd. | DIC (Malaysia) Sdn. Bhd. |
| DIC Filtec Inc. | Bridgestone REI Komposit Sdn. Bhd. |
| Nihon Packaging Material Co. Ltd. | Samling Housing Products Sdn. Bhd. |
| DIC Lifetec Co. Ltd. | DIC Epoxy (Malaysia) Sdn. Bhd. |
| DIC Decor Inc. | |

Schedules to the Accounts

Schedule 17 (contd.)

| | |
|---|---|
| DIC Graphics (Thailand) Co. Ltd. | Tintas S.A. |
| DIC International (Thailand) Co. Ltd. | DIC Estate Co. Ltd. |
| Siam Chemical Industry Co. Ltd. | Seiko PMC Corp. |
| Coates Thailand Ltd. | Tsuruga Terminals Co. |
| TFE Company Ltd. | Tsuruga Chemicals Service Co. |
| DIC Color (Thailand) Co. Ltd. | DIC Color Design Inc. |
| DIC Resins (Thailand) Co. Ltd. | DC Katsuya Co. Ltd. |
| P.T. DIC Astra Chemicals | Earthrise Nutritionals LLC |
| P.T. DIC Graphics | Earthrise Holdings Inc. |
| P.T. Pardic Jaya Chemicals | DIC Holdings B.V. |
| DIC Philippines Inc. | DIC Performance Resins GmbH |
| DIC (Vietnam) Co. Ltd. | DIC Holdings Austria GmbH |
| DIC Fine Chemicals Private Limited | Zhongshan DIC Colour Co. Ltd. |
| DIC Pakistan Ltd. | DIC (China) Co. Ltd. |
| DIC Lanka (Private) Ltd. | Hainan DIC Microalgae Co. Ltd. |
| DIC New Zealand Ltd. | Qingdao DIC Finechemicals Co. Ltd. |
| DIC Australia Pty. Ltd. | Qingdao DIC Liquid Crystal Co. Ltd. |
| Allmake Rollers Ltd. | Shanghai DIC Ink Co. Ltd. |
| Camus Water Technologies LLC | Shenzhen-DIC Co. Ltd. |
| Coates Brothers (Caribbean) Ltd. | DIC (Shanghai) Co. Ltd. |
| Sun Chemical (South Africa) (Pty.) Ltd. | DIC Logitech China Co. Ltd. |
| Coates Brothers (West Africa) Ltd. | Changzhou Huari New Material Co. Ltd. |
| Coates Screen Inks GmbH. | Deqing DIC Synthetic Resins Ltd. |
| Color Vision GmbH | DIC (Guangzhou) Co. Ltd. |
| DIC Europe GmbH | Suzhou Lintong Chemical Science Corp. |
| DIC Imaging Products U.S.A., LLC | DIC Synthetic Resins (Zhongshan) Co. Ltd. |
| DIC International (USA), LLC | DIC Graphics Taiyuan Co. Ltd. |
| ECG Holdings Ltd. | DIC Graphics (Guangzhou) Ltd. |
| Gibbon Finecal Ltd. | TOA-DIC Zhangjiagang Chemicals Co. Ltd. |
| Glenside Properties Limited | Seiko PMC (Zhangjiagang) Corp. |
| Hartman d.o.o. | DIC Zhangjiagang Chemicals Co. Ltd. |
| Hartmann Druckfarben GmbH | Shenzhen DIC Chemicals Co. Ltd. |
| Hartmann-Sun Chemical EOOD | Mondis Manufacturers Insurance Company N.V. |
| IMS Concepts, S.A./N.V. | New England Manufacturers Insurance Corp. |
| Inmobiliaria Sunchem, S.A. de C.V. | Parker Williams Design Ltd. |
| Lorilleux Maroc S.A. | Rycoline Products LLC |
| Weesp Finance C.V. | SC Funding LLC |
| Weesp Unlimited | SC (Puerto Rico) Ink |

Schedules to the Accounts

Schedule 17 (contd.)

| | |
|--|---|
| Sinclair del Centro America S.A. | Sun Chemical Ltd. |
| Sinclair S.A. | Sun Chemical Management, LLC. |
| Sun Branding Solutions Ltd. | Sun Chemical N.V./S.A. |
| Sun Chemical (Chile) S.A. | Sun Chemical Nyomdafestek Kereskedelmi Es Gyatro KFT (Sun Chemical KFT) |
| Sun Chemical A/S | Sun Chemical of Michigan LLC |
| Sun Chemical A/S (formerly:Coates Lorilleux A/S) | Sun Chemical Osterode Druckfarben GmbH |
| Sun Chemical AB | DIC Coatings S.L. |
| Sun Chemical AG | Coates Brothers (East Africa) Ltd. |
| Sun Chemical AG (S.A. Ltd.) | Coates Brothers (Zambia) Ltd. (formerly Coates Zambia Ltd.) |
| Sun Chemical Albania SHPK | Coates Brothers (Zimbabwe) Private Ltd. |
| Sun Chemical B.V. | Sun Chemical Oy |
| Sun Chemical Delta B.V. | Sun Chemical Pigments S. L. (formerly Coates Lorilleux S.A.) |
| Sun Chemical Central Europe Beteiligungs GmbH | Sun Chemical Portugal-Tintas Graficas Ltd. |
| Sun Chemical Central Europe Holding & Co. KG | Sun Chemical Printing Ink d.o.o. |
| Sun Chemical Corp. | Sun Chemical S.A. |
| Sun Chemical d.o.o. | Sun Chemical S.A. de C.V. |
| Sun Chemical de Centro America, S.A. de C.V. | Sun Chemical S.A.S. |
| Sun Chemical de Panama, S.A. | Sun Chemical s.r.l. |
| Sun Chemical do Brasil Ltd. | Sun Chemical Sp (z.o.o) [formerly Sun Chemical Sp (z.o.o)(Ltd.)] |
| Sun Chemical for Graphic Arts S.A.E | Sun Chemical Turkey |
| Sun Chemical Group Coöperatief U.A. | Sun Chemical Ukraine Limited |
| Sun Chemical Group S.p.A. | Sun Chemical ZAO |
| Sun Chemical Holding B.V. | Sun Chemical, d.o.o.e.l. |
| Sun Chemical Holding GmbH | Sun Chemical Holding (Hong Kong) Ltd. |
| Sun Chemical Ink Ireland | Sun Chemical, S.r.o. |
| Sun Chemical Inks A/S | Sun Chemical, S.r.o. |
| Sun Chemical Inks S.A. | |
| Sun Chemical Investments LLC | |
| Sun Chemical Lasfelde GmbH | |

(e) **Key Management Personnel**

- | | |
|-----------------|---------------------|
| (i) Dr P K Dutt | – Chairman |
| (ii) S Bhaumik | – Managing Director |

Schedules to the Accounts

Schedule 17 (contd.)

(b) Disclosure of transactions between the group and related parties and the status of the outstanding balances

(Figures in Rupees)

| Nature of Transactions | Ultimate Holding Company | Holding Company | Subsidiary | Fellow Subsidiaries | Key Management Personnel | Total |
|--|----------------------------|-----------------------------|-------------------|---|----------------------------|------------------------------|
| Purchase of goods | 60,370,080 (58,144,752) | 143,111,733 (40,705,630) | — (2,329,825) | 259,081,214 ⁽¹⁾ (282,942,155) | — (—) | 462,563,027 (384,122,362) |
| Sale of goods | — — | 1,271,564 (66,537) | — (978,698) | 58,751,832 ⁽²⁾ (45,293,109) | — (—) | 60,023,396 (46,338,344) |
| Rendering of services | 1,255,005 (1,443,278) | — (—) | — (2,250,000) | 366,345 ⁽³⁾ (3,057,983) | — (—) | 1,621,350 (6,751,261) |
| Royalty paid/payable | 46,458,130 (695,990) | 40,020,847 (69,662,518) | — (—) | — (—) | — (—) | 86,478,977 (70,358,508) |
| Dividend paid/payable | — (—) | 32,930,385 (26,344,308) | — (—) | — (—) | — (—) | 32,930,385 (26,344,308) |
| Dividend received/receivable | — (—) | — (—) | — (50,539,791) | — (—) | — (—) | — (50,539,791) |
| Remuneration paid/payable | — (—) | — (—) | — (—) | — (—) | 17,120,199 (16,329,137) | 17,120,199 (16,329,137) |
| Expenses incurred by the Company on behalf of the Group/Subsidiary | — (—) | — (—) | — (1,033,207) | 126,406 ⁽⁴⁾ (2,999,439) | — (—) | 126,406 (4,032,646) |
| Expenses incurred by the Group/Subsidiary on behalf of the Company | — (—) | — (—) | — (77,175) | — (17,461,194) | — (—) | — (17,538,369) |
| Processing charges | — (—) | — (—) | — (5,435,092) | — (—) | — (—) | — (5,435,092) |
| Outstanding on Account of: | | | | | | |
| Purchase of goods | 7,047,693 (6,339,365) | 68,912,084 (17,498,880) | — (—) | 59,475,068 (76,429,620) | — (—) | 135,434,845 (100,267,865) |
| Sale of goods | — (—) | — (—) | — (—) | 34,211,392 (13,561,530) | — (—) | 34,211,392 (13,561,530) |
| Royalty | 41,891,723 (670,000) | — (32,816,127) | — (—) | — (—) | — (—) | 41,891,723 (33,486,127) |
| Rendering of services | — (—) | — (—) | — (—) | 231,791 (2,922,488) | — (—) | 231,791 (2,922,488) |
| Recovery of expenses | — (618,667) | — (—) | — (—) | — (—) | — (—) | — (618,667) |
| Loans/Advances granted | — (—) | — (—) | — (—) | 2,850,093 (2,723,687) | 240,200 (350,600) | 3,090,293 (3,074,287) |
| Remuneration payable | — (—) | — (—) | — (—) | — (—) | 3,720,000 (2,844,150) | 3,720,000 (2,844,150) |
| Payable (Net of Advances) | — (—) | — (—) | — (—) | — (17,461,194) | — (—) | — (17,461,194) |

Figures within brackets relate to previous year

- (1) Purchase from Fellow Subsidiary includes purchase from Hartman Drukfarben GmBH Rs.51,896,190 (2010 - Rs.56,091,240), Dequing DIC Synthetic Resins Ltd. 39,337,204 (2010 - Rs.Nil) and Nantong DIC Color Co. Ltd. Rs.70,216,906 (2010 - Rs.89,245,815).
- (2) Sale to Fellow Subsidiary includes sales to DIC Australia Pty Ltd. Rs.29,263,264 (2010 - Rs.20,229,972), DIC Lanka (Pvt) Ltd. Rs.12,548,826 (2010 - Rs.8,851,080), DIC Pakistan Rs. Nil (2010 - Rs.13,406,723) and Sun Chemicals Zao Rs.7,673,452 (2010 - Rs.Nil)
- (3) Rendering services to Fellow Subsidiary includes services rendered to DIC Fine Chemicals Pvt. Ltd. Rs.Nil (2010 - Rs.2,500,000), Sun Chemicals NV Rs.231,791 (2010 - Rs. Nil) and DIC (Malaysia) Sdn Bhd. Rs.134,554 (2010 - Rs.557,983)
- (4) Expenses incurred by the Company on behalf of the Fellow Subsidiary relates to DIC Fine Chemicals Pvt. Ltd.

Schedules to the Accounts

Schedule 17 (contd.)

25. Segmental Reporting

Information about Primary Business Segments

(Figures in Rupees)

| | Printing Ink | | Adhesive | | Total | |
|---|----------------------|----------------------|--------------------|--------------------|----------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| REVENUE | | | | | | |
| External Sales | 6,487,182,494 | 5,290,841,011 | 260,366,360 | 242,768,671 | 6,747,548,854 | 5,533,609,682 |
| Total Revenue | 6,487,182,494 | 5,290,841,011 | 260,366,360 | 242,768,671 | 6,747,548,854 | 5,533,609,682 |
| RESULTS | | | | | | |
| Segment/Operating Results | 443,670,672 | 355,111,999 | 18,591,758 | 32,338,491 | 462,262,430 | 387,450,490 |
| Unallocable Expenses | — | — | — | — | (39,848,275) | (42,509,017) |
| Unallocable Income | — | — | — | — | 391,435 | 51,127,302 |
| Interest Expenses | — | — | — | — | (40,908,941) | (23,247,617) |
| Provision for Tax (including Deferred Tax) | — | — | — | — | (117,391,053) | (141,104,085) |
| Extraordinary Item (Net off Expenses) | — | — | — | — | — | 275,687,698 |
| Net Profit | 443,670,672 | 355,111,999 | 18,591,758 | 32,338,491 | 264,505,596 | 507,404,771 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 3,644,397,225 | 3,209,656,408 | 293,823,581 | 140,855,879 | 3,938,220,806 | 3,350,512,287 |
| Un-allocable Assets | — | — | — | — | 254,161,580 | 274,286,214 |
| Total Assets | 3,644,397,225 | 3,209,656,408 | 293,823,581 | 140,855,879 | 4,192,382,386 | 3,624,798,501 |
| Segment Liabilities | 1,164,699,872 | 902,372,427 | 24,414,049 | 8,437,510 | 1,189,113,921 | 910,809,937 |
| Un-allocable Liabilities and Provisions | — | — | — | — | 344,173,847 | 276,727,395 |
| Total Liabilities | 1,164,699,872 | 902,372,427 | 24,414,049 | 8,437,510 | 1,533,287,768 | 1,187,537,332 |
| Depreciation and Amortisation | 85,374,067 | 84,154,626 | 2,865,809 | 1,814,048 | 88,239,876 | 85,968,674 |
| Total Depreciation | 85,374,067 | 84,154,626 | 2,865,809 | 1,814,048 | 88,239,876 | 85,968,674 |
| Capital Expenditure including CWIP | 93,233,731 | 74,633,068 | 122,205,733 | 29,774,871 | 215,439,464 | 104,407,939 |
| Non Cash Expenditure other than Depreciation & Amortisation | 13,700,488 | 45,512,505 | — | 34,905 | 13,700,488 | 45,547,410 |

Note:

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

26. Retirement Benefit

The Company operates Defined Contribution Schemes like Provident Fund and Superannuation Schemes. Contributions to Provident Funds are made by the Company, based on current salaries, to recognized funds maintained by the Company. In case of Provident Fund Schemes, contributions are also made by the employees. The interest rate payable to the members of the trust are not lower than the statutory rate of interest declared by the Central Government and shortfall if any is made good by the Company. Implication of Guidance Note 29 issued by the Institute of Actuaries of India during the year, on the valuation of interest rate guarantee on Exempt Provident Fund under Accounting Standard 15 (Revised), is currently being examined by the Company and not considered for the purpose of these accounts, financial impact not being material.

Contribution to Superannuation Schemes are applicable for certain categories of employees and the contribution by the Company is invested with Insurance Companies and charges to Profit & Loss Account.

Defined Pension benefits offer specified benefits to certain categories of employees on retirement. The Company has discontinued the Defined Pension Benefit Scheme with effect from 1.5.2009 and all the employees who were erstwhile member of the Defined Pension Benefit Scheme has been brought under the Defined Contribution Scheme for benefit provisions under the Pension Plan. The present value of benefit obligation on 31.12.2011 is calculated by discounting the present value of crystalized pension as at 30.4.2009 by an independent actuary in compliance with Accounting Standard 15 (Revised 2005) on Employees Benefits.

The Company also operates defined benefit schemes like retirement, gratuity and post retirement benefits. The Company has its own recognized Gratuity Fund and all contribution are given to the Fund for investment. Post retirement benefit is given in the form of a fixed amount to certain category of employees on resignation/retirement subject to a minimum service period. However, liability in the accounts have been provided as per actuarial valuation in respect of the above.

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

Schedules to the Accounts

Schedule 17 (contd.)

Amount recognised in the Balance sheet are as follows:

(Rs. In Lakhs)

| | Year | Pension (Funded) | Gratuity (Funded) | Retirement Benefit (Unfunded) |
|---|-------------|---------------------|----------------------|-------------------------------------|
| Present value of Defined Benefit Obligation | 2011 | 730.64 | 863.00 | 58.22 |
| | 2010 | 751.50 | 820.70 | 59.18 |
| | 2009 | 833.12 | 515.67 | 61.87 |
| | 2008 | 868.83 | 453.39 | 43.52 |
| | 2007 | 755.87 | 437.50 | 41.10 |
| Fair Value of Plan Assets | 2011 | 983.96 | 834.96 | — |
| | 2010 | 1054.98 | 657.71 | — |
| | 2009 | 1016.29 | 478.95 | — |
| | 2008 | 1074.03 | 458.98 | — |
| | 2007 | 1088.23 | 441.19 | — |
| Present Value of Unfunded Obligation | 2011 | 253.32 | (28.04) | (58.22) |
| | 2010 | 303.48 | (162.99) | (59.18) |
| | 2009 | 183.17 | (36.72) | (61.87) |
| | 2008 | 205.20 | 5.59 | (43.52) |
| | 2007 | 332.36 | 3.69 | (41.10) |
| Unrecognized Past Service Cost | 2011 | — | — | — |
| | 2010 | — | — | — |
| | 2009 | — | — | — |
| | 2008 | — | — | — |
| | 2007 | — | — | 5.03 |
| Net Asset/(Liability) | 2011 | 253.32 | (28.04) | (58.22) |
| | 2010 | 303.48 | (162.99) | (59.18) |
| | 2009 | 183.17 | (36.72) | (61.87) |
| | 2008 | 205.20 | 5.59 | (43.52) |
| | 2007 | 332.36 | 3.69 | (46.13) |
| Experience Adjustments of Plan Assets, Gain/(Loss) during the year | 2011 | (27.29) | (20.85) | — |
| | 2010 | 78.98 | 27.09 | — |
| | 2009 | — | — | — |
| | 2008 | — | — | — |
| | 2007 | — | — | — |
| Experience Adjustments of Obligations, (Gain)/Loss during the year | 2011 | (49.99) | (8.10) | 7.04 |
| | 2010 | (50.57) | 270.57 | 0.16 |
| | 2009 | — | — | — |
| | 2008 | — | — | — |
| | 2007 | — | — | — |

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

(Rs. in Lakhs)

| | Year | Pension | Gratuity | Retirement Benefit |
|--------------------------------|-------------|-----------------|----------------|-----------------------|
| Current Service Cost | 2011 | — | 52.31 | 1.89 |
| | 2010 | — | 32.29 | 1.94 |
| Interest Cost | 2011 | 60.70 | 64.95 | 4.42 |
| | 2010 | 65.09 | 39.94 | 4.73 |
| Expected Return on Plan Assets | 2011 | (81.86) | (59.96) | — |
| | 2010 | (79.39) | (44.21) | — |
| Actuarial Loss/(Gain) | 2011 | (22.70) | 12.75 | 3.98 |
| | 2010 | (127.81) | 73.48 | 0.39 |
| Curtailment Cost | 2011 | — | — | — |
| | 2010 | — | — | — |
| Past Service Cost | 2011 | — | — | — |
| | 2010 | — | 201.22 | — |
| Total | 2011 | (43.86) | 70.05 | 10.29 |
| | 2010 | (142.11) | 302.72 | 7.06 |

Schedules to the Accounts

Schedule 17 (contd.)

Reconciliation of opening and closing balances of the present value of Defined Benefit Obligations (Rs. In Lakhs)

| | Year | Pension | Gratuity | Retirement Benefit |
|---|-------------|----------------|----------------|--------------------|
| Opening Defined Benefit Obligation | 2011 | 751.50 | 820.70 | 59.18 |
| | 2010 | 833.12 | 515.67 | 61.87 |
| Current Service Cost | 2011 | — | 52.31 | 1.89 |
| | 2010 | — | 32.29 | 1.94 |
| Interest Cost | 2011 | 60.70 | 64.95 | 4.42 |
| | 2010 | 65.09 | 39.94 | 4.73 |
| Actuarial Loss/(Gain) | 2011 | (49.99) | (8.10) | 3.98 |
| | 2010 | (48.83) | 100.57 | 0.39 |
| Plan Amendments | 2011 | — | — | — |
| | 2010 | — | 201.22 | — |
| Benefit Paid | 2011 | (31.57) | (66.86) | (11.25) |
| | 2010 | (97.88) | (68.99) | (9.75) |
| Closing Defined Benefit Obligation | 2011 | 730.64 | 863.00 | 58.22 |
| | 2010 | 751.50 | 820.70 | 59.18 |

Reconciliation of opening and closing balances of the present value of Plan Assets (Rs. In Lakhs)

| | Year | Pension | Gratuity | Retirement Benefit |
|--|-------------|-----------------|----------------|--------------------|
| Opening fair value of Plan Assets | 2011 | 1,054.98 | 657.71 | — |
| | 2010 | 1,016.29 | 478.95 | — |
| Expected Return on Plan Assets | 2011 | 81.86 | 59.96 | — |
| | 2010 | 79.39 | 44.21 | — |
| Actuarial Gain/(Loss) | 2011 | (27.29) | (20.85) | — |
| | 2010 | 78.98 | 27.09 | — |
| Contribution by Employer | 2011 | (94.02) | 205.00 | 11.25 |
| | 2010 | (21.80) | 176.45 | 9.75 |
| Benefit Paid | 2011 | (31.57) | (66.86) | 11.25 |
| | 2010 | (97.88) | (68.99) | (9.75) |
| Closing Fair Value of Plan Assets | 2011 | 983.96 | 834.96 | — |
| | 2010 | 1,054.98 | 657.71 | — |

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

| | Year | Pension | Gratuity |
|--------------------------------|-------------|-------------|-------------|
| Government of India Securities | 2011 | 29% | 16% |
| | 2010 | 42% | 45% |
| PSU Bonds/State Securities | 2011 | 18% | 2% |
| | 2010 | 25% | 12% |
| Corporate Bonds | 2011 | 2% | — |
| | 2010 | — | — |
| Insurance Managed Funds | 2011 | 51% | 82% |
| | 2010 | 33% | 43% |
| Total | 2011 | 100% | 100% |
| | 2010 | 100% | 100% |

Schedules to the Accounts

Schedule 17 (contd.)

Principal Actuarial Assumptions Used:

| | | 2011 | 2010 |
|--|----------------------|------------------------|------------------------|
| Discount Rates | | 9.00% | 8.25% |
| Expected Rate of Return on Plan Assets | | 8.25% | 8.30% |
| Expected Salary Increase Rates | For Management Staff | 7% and NIL for pension | 7% and NIL for pension |
| | For Unionised Staff | 4% and NIL for pension | 4% and NIL for pension |
| Mortality rates | | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate |

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

Amount recognized as an expense:

Contribution to Provident and other Funds in Schedule 16 includes contribution on account of Gratuity Rs.70,05,000 (2010 - Rs.30,272,000) and contribution on account of Pension Plan Rs.4,386,000 (Cr.) [2010 - Rs.14,211,000 (Cr.)].

Contribution to Provident and other Funds in Schedule 16 includes contribution to Defined Contribution Plans like Provident and Superannuation Fund amounting to Rs. 40,341,486 (2010 - Rs. 35,960,096).

27. Earnings per Share

| Particulars | | 2011 Rs. | 2010 Rs. |
|---|---------------|-------------|-------------|
| Profit before Taxation and Extraordinary Item | (A) | 381,896,649 | 372,821,158 |
| Extraordinary Item (Net off Expenses) | (B) | — | 275,687,698 |
| Tax for the year on Ordinary Item | (C) | 117,391,053 | 107,391,052 |
| Tax on Extraordinary Item | (D) | — | 33,713,033 |
| Profit and Loss after Tax | (E)=A+B-C-D | 264,505,596 | 507,404,771 |
| Number of Share | (F) | 9,178,977 | 9,178,977 |
| Nominal value of Share | — | 10.00 | 10.00 |
| Earnings per Share before Extraordinary Item | (A-C)/(F) | 28.82 | 28.92 |
| Earnings per Share after Extraordinary Item | (A+B-C-D)/(F) | 28.82 | 55.28 |

28. Previous years, figures have been regrouped/rearranged wherever considered necessary.

Schedules to the Accounts

Schedule 18

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

FIXED ASSETS

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

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

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

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

INTANGIBLE ASSETS

Intangible Assets (not internally generated) are recognised only when future economic benefits attributable to the assets will flow to the enterprises and cost can be measured reliably and are being amortized in equal installments over its useful life of four years.

ASSETS ACQUIRED UNDER LEASE

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

Schedules to the Accounts

Schedule 18 (contd.)

INVENTORIES

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

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

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

INVESTMENT

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

RETIREMENT/TERMINAL BENEFITS

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

SALES

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

Schedules to the Accounts

Schedule 18 (contd.)

TRANSACTIONS IN FOREIGN CURRENCIES

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

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

BORROWING COST

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

ACCOUNTING FOR INCOME TAX

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

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

RESEARCH AND DEVELOPMENT

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

For **Lovelock and Lewes**
Firm Registration Number - 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number: 55000
Kolkata, 8th February 2012

S Chatterjee
Chief Finance Officer
Kolkata, 8th February 2012

Signatures to Schedules 1 to 18
On behalf of the Board
Dr P K Dutt
Chairman
S Bhaumik
Managing Director
T B Chatterjee
Senior Executive Vice President
(Corporate Affairs and Legal) &
Company Secretary

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

(a) Registration details

Registration No. : **15202** State Code : **21**
 Balance Sheet Date : **31st December, 2011**

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

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

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

| <i>Total Liabilities</i> | | <i>Total Assets</i> | |
|--------------------------|------------------|-----------------------------|------------------|
| Sources of Funds | | Application of Funds | |
| Paid up Capital | 91,790 | Net Fixed Assets | 896,781 |
| Share Application | Nil | Investments | 1 |
| Reserves & Surplus | 2,567,305 | Net Current Assets | 2,058,567 |
| Secured Loan | 127,040 | Miscellaneous Expenditure | Nil |
| Unsecured Loan | 100,000 | Accumulated Losses | Nil |
| Net Deferred Tax | 69,214 | | |

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

| | |
|-------------------------|------------------|
| Turnover | 7,401,279 |
| Total Expenditure | 6,418,291 |
| Profit/Loss before Tax | 381,897 |
| Profit/Loss after Tax | 264,506 |
| Earnings per Share | |
| - Basic & Diluted (Rs.) | 28.82 |
| Dividend Rate | 40% |

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

| Item Code No. | Product Description |
|---------------|----------------------------|
| 3215 | Printing Inks |
| 3506 | Lamination Adhesive |

Cash Flow Statement

For the period ended 31st December, 2011

| | Year ended 31st December 2011 | Year ended 31st December 2010 |
|---|-------------------------------------|-------------------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit before Interest, Tax and Extraordinary Items | 422.81 | 396.06 |
| Adjustments for : | | |
| Add : Depreciation & Amortisation | 88.24 | 85.97 |
| Fixed Assets written off | 1.96 | 1.41 |
| Bad Debt written off | 8.93 | 42.66 |
| Provision for Bad & Doubtful Debts | 2.81 | 1.29 |
| Unrealised Loss (+) on Foreign Currency | 8.23 | — |
| Provision for Wealth Tax | 0.22 | 0.18 |
| Employees Benefit Scheme | (5.49) | 16.10 |
| Less : Profit on Sale of Assets | (5.84) | (0.37) |
| Interest Income | (0.39) | (0.59) |
| Dividend Income | — | (50.54) |
| Unrealised Gain (-) on Foreign Currency | (0.98) | (2.94) |
| Liability no longer required written back | (2.10) | (0.14) |
| Provision for Doubtful Debts written back | (0.03) | (9.40) |
| Operating Profit before Working Capital Changes | 518.37 | 479.69 |
| Decrease/(Increase) in Trade and Other Receivables | (330.92) | (312.24) |
| Decrease/(Increase) in Inventories | (180.91) | (262.06) |
| Increase/(Decrease) in Trade Payables & Other Liabilities | 240.21 | 208.07 |
| Cash generated from Operations | 246.75 | 113.46 |
| Less : Payment of Direct Taxes | (117.15) | (110.06) |
| Less : Payment of Wealth Taxes | (0.21) | (0.20) |
| Net Cash from Operating Activities | 129.39 | 3.20 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (193.33) | (136.02) |
| Sale of Fixed Assets | 6.53 | 3.33 |
| Interest Received | 0.39 | 0.65 |
| Proceeds from Sale of Subsidiary | — | 400.68 |
| Tax on above | — | (25.28) |
| Dividend Received | — | 50.54 |
| Net Cash Flow from/(used in) Investing Activities | (186.41) | 293.90 |

Cash Flow Statement (Contd.)

| | Year ended 31st December 2011 | Year ended 31st December 2010 |
|--|-------------------------------------|-------------------------------------|
| C. Cash Flow from Financing Activities | | |
| Net Increase/(Decrease) in Bank Borrowings | 12.24 | (51.95) |
| Acceptance of Short Term Loan from Banks | 8,070.00 | 4,087.50 |
| Repayment of Short Term Loan from Banks | (7,970.00) | (4,347.50) |
| Interest paid on Bank Loan | (37.95) | (16.93) |
| Dividends paid including Dividend Tax | (53.23) | (42.81) |
| Net Cash Flow from/(used in) Financing Activities | 21.06 | (371.69) |
| Net Decrease in Cash and Cash Equivalents (A + B + C) | (35.96) | (74.59) |
| Cash and Cash Equivalents (Opening Balance) | 176.44 | 251.03 |
| Cash and Cash Equivalents (Closing Balance) | 140.48 | 176.44 |

Notes to the Cash Flow Statements -

1. Cash & Cash Equivalents represents :

| | | |
|---------------------------|---------------|---------------|
| (a) Cash in Hand | 0.61 | 0.81 |
| (b) Cheques in Hand | 95.33 | 143.70 |
| (c) Remittance in Transit | 0.12 | 0.23 |
| (d) Balance with Banks | 44.42 | 31.70 |
| | 140.48 | 176.44 |

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

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

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

For Lovelock and Lewes
Firm Registration Number - 301056E
Chartered Accountants
Sunit Kumar Basu
Partner
Membership Number: 55000
Kolkata, 8th February 2012

S Chatterjee
Chief Finance Officer
Kolkata, 8th February 2012

On behalf of the Board
Dr P K Dutt
Chairman
S Bhaumik
Managing Director
T B Chatterjee
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary
Kolkata, 8th February 2012



Notice

NOTICE is hereby given that the Sixty Fourth Annual General Meeting of the Members of DIC India Limited, will be held at the Williamson Magor Hall in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata - 700 001 on Tuesday, 29th May 2012 at 11. 00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Profit & Loss Account for the financial year ended 31st December 2011, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Dipak Banerjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Biswajit Choudhuri, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr Paul Koek, who retires by rotation and is eligible for re-appointment.
6. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Mr Utpal Sengupta, who had been appointed as an Additional Director of the Company with effect from 26th July 2011 and who, in terms of Section 260 of the Companies Act, 1956 and Article 120 of the Articles of Association of the Company, holds office of directorship up to the date of the 64th Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr Utpal Sengupta as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT Dr Prabir Kumar Dutt, who had been appointed as an Additional Director of the Company with effect from 1st April 2012 and who, in terms of Section 260 of the Companies Act, 1956 and Article 120 of the Articles of Association of the Company, holds office of directorship up to the date of the 64th Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Dr Prabir Kumar Dutt as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

The Register of Members of the Company will remain closed from 20th May 2012 to 29th May 2012, both days inclusive.

By order of the Board

Registered Office:
Transport Depot Road
Kolkata - 700 088
Dated : 8th February 2012

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

Notes :

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty eight hours before the commencement of the Annual General Meeting.**
2. Corporate Members are requested to send to the Company's Share Department, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business to be transacted at the Annual General Meeting is annexed hereto.
4. Transfer of shares (in physical form) received in order by the Share Department at the Company's Registered Office or the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 by 5.30 p.m. on 19th May 2012 will be passed for payment of dividend, if declared.
5. Shareholders holding shares in identical order of names in more than one Folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 enclosing their share certificates to enable the Company to consolidate their holdings in one single Folio.
6. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 quoting their Folio Number.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the year ended 31st December 2004 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, members who have not encashed their dividend warrant(s) so far for the year ended 31st December 2004 or subsequent years, are requested to make their claim to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019. Members are advised that in terms of the provisions of the Act, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.
8. Members desirous of making a nomination in respect of their shareholding, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B to the Share Department of the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019.
9. Members are requested to bring the admission slips along with their copy of the Annual Report at the Meeting.

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

Item Nos. 3, 4 and 5

Mr Dipak Banerjee

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

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

Mr Biswajit Choudhuri

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

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

Mr Paul Koek

Born on 14th June 1960, Mr Paul Koek holds a CPA qualification and is registered with the Institute of Certified Public Accountants of Singapore. He is a Fellow Member (FCCA) with the Chartered Association of Certified Accountants and a Senior Member with the Association of Accounting Technicians. Mr Koek brings with him a wealth of more than 25 years of work experience in the field of regional tax, group accounting and treasury management. Mr Koek is presently the Group Finance Director of DIC Asia Pacific Pte Ltd, Singapore.

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

Other Directorships and Committee Memberships held as on 31st December 2011 by Mr Dipak Banerjee, Mr Biswajit Choudhuri and Mr Paul Koek are as given below:

| Director | Name of Company | Board Position Held | Committees of Board | Committee Position Held |
|------------|---------------------------------------|---------------------|------------------------|-------------------------|
| D Banerjee | TM International Logistics Ltd. | Director | Audit Committee | Chairman |
| | Tata Sponge Iron Limited | Director | Audit Committee | Member |
| | Tata Metaliks Limited | Director | Nil | Nil |
| | MJunction Services Limited | Director | Audit Committee | Chairman |
| | The Tinplate Company of India Limited | Director | Remuneration Committee | Chairman |
| | | | Audit Committee | Member |

| Director | Name of Company | Board Position Held | Committees of Board | Committee Position Held |
|-----------------------------|--|------------------------|-----------------------------------|-------------------------|
| | Tayo Rolls Limited | Director | Audit Committee | Member |
| | Shristi Infrastructure Development Corporation Limited | Chairman | Shareholders Grievance Committee | Member |
| | | | Audit Committee | Chairman |
| | Tata Metaliks Kubota Pipes Limited | Director | Audit Committee | Member |
| | International Shipping & Logistics FZe, Dubai | Director | Nil | Nil |
| B Choudhuri | Aditya Birla Chemicals (India) Limited | Director | Remuneration Committee | Member |
| | | | Shareholders' Grievance Committee | Member |
| | | | Audit Committee | Chairman |
| | Hindustan Engineering & Industries Limited | Director | Audit Committee | Chairman |
| | | | Remuneration Committee | Chairman |
| | Ludlow Jute & Specialities Limited | Director | Audit Committee | Member |
| | | | Remuneration Committee | Member |
| | Godawari Power & Ispat Limited | Director | Audit Committee | Chairman |
| | RV Investment & Dealers Limited | Director | Nil | Nil |
| | Ativir Financial Consultants Limited | Director | Nil | Nil |
| | Space Matrix Limited | Director | Nil | Nil |
| | Maithan Alloys Limited | Director | Nil | Nil |
| | NKG Infrastructure Limited | Director | Nil | Nil |
| | Hira Ferro Alloys Limited | Director | Audit Committee | Chairman |
| | | | Remuneration Committee | Member |
| Khaitan Electricals Limited | Director | NIL | NIL | |
| P Koek | DIC Asia Pacific Pte Ltd | Director | Nil | Nil |
| | DIC (Malaysia) Sdn Bhd | Director | Nil | Nil |
| | Coates Brothers (Singapore) Pte Ltd | Director | Nil | Nil |
| | DIC Marketing Sdn Bhd | Director | Nil | Nil |
| | Coates Thailand Ltd | Director | Nil | Nil |
| | P T DIC Graphics | President Commissioner | Nil | Nil |
| | DIC Australia Pty Ltd | Director | Nil | Nil |
| | DIC New Zealand Ltd | Director | Nil | Nil |
| | DIC Pakistan Ltd | Director | Nil | Nil |
| | DIC Lanka (Pvt) Ltd | Director | Nil | Nil |
| | DIC (Vietnam) Co Ltd | Director | Nil | Nil |
| | DIC Fine Chemicals Pvt Ltd | Director | Nil | Nil |
| TFE Co Ltd | Director | Nil | Nil | |

No other Director other than Mr D Banerjee, Mr B Choudhuri and Mr P Koek are interested or concerned in the Resolutions.

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

Item No.7

Mr Utpal Sengupta

Mr Utpal Sengupta, born on 5th October 1949, a Mechanical Engineer from the Indian Institute of Technology, Kharagpur and a MBA Gold Medalist from the Indian Institute of Management, Ahmedabad led the US foods major ConAgra's affiliate in India, Agro Tech Foods Ltd (ATFL) as President and CEO for twelve years. Before joining ConAgra and ATFL, Mr Sengupta worked for the consumer products giant Unilever in India and abroad for twenty four years.

Mr Sengupta was inducted on the Board as an Independent Director with effect from 26th July 2011. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorship and Committee Membership held by Mr Utpal Sengupta as on 31st December 2011 :

| Director | Name of Company | Board Position Held | Committees of Board | Committee Position Held |
|------------|--|---------------------|---------------------|-------------------------|
| U Sengupta | Sri Biotech Laboratories India Limited | Director | Nil | Nil |

No other Director other than Mr Utpal Sengupta is interested or concerned in the Resolution.

Item No.8

Dr Prabir Kumar Dutt

Dr Prabir Kumar Dutt, B.Sc, M.Tech (Chemical Engineering and Chemical Technology), Ph.D (Polymer Chemistry), born on 14th March 1942 joined the Company on 1st August 1970 as a Chemist and was appointed as a member of the Board with effect from 14th May 1984. On 1st January 1987, Dr Dutt was designated as the Assistant Managing Director. Dr Dutt was appointed as the Managing Director with effect from 26th July 1991. Thereafter Dr Dutt was appointed as Chairman & Managing Director by the Board with effect from 29th May 2007 and was subsequently re-designated as the Chairman & Chief Executive Officer for a period commencing from 1st April 2008 till 31st March 2011. Considering the succession planning of the Company, the Board of Directors, at its meeting held on 21st October, 2010 had approved the fresh terms of appointment of Dr P K Dutt as the Chairman of the Company for a period of 15 (fifteen) months with effect from 1st January, 2011 till 31st March 2012.

Considering the contributions made by Dr Dutt, the Board in its meeting held on 8th February 2012 decided to induct Dr Dutt as Additional Director with effect from 1st April 2012. He is not related to any other Directors of the Company and holds 133 shares of the Company. Dr Dutt is also the member of the Shareholders'/Investors' Grievance Committee.

Other Directorship and Committee Membership held by Mr Prabir Kumar Dutt as on 31st December 2011.

| Director | Name of Company | Board Position Held | Committees of Board | Committee Position Held |
|-------------|------------------------------------|---------------------|---------------------|-------------------------|
| Dr P K Dutt | DIC Fine Chemicals Private Limited | Director | Nil | Nil |

No other Director other than Mr Prabir Kumar Dutt is interested or concerned in the Resolution.

The Board of Directors accordingly recommends the Resolutions mentioned under Item Nos.3, 4, 5, 7 and 8 of the Notice for the approval of the Members.

By order of the Board

Registered Office:
Transport Depot Road
Kolkata - 700 088
Dated : 8th February 2012

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

DIC INDIA LIMITED

Registered and Head Office

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

OFFICES AND FACTORIES

KOLKATA

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

MUMBAI

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

NOIDA

C-55A & B, Phase II
Dist. Gautam Buddha Nagar
Noida - 201 305, Uttar Pradesh
Telephone : (0120) 465 5100/110
Fax : (0120) 465 5150

AHMEDABAD

Plot No. 633 & 634
G.I.D.C. Industrial Estate, Phase IV, Vatva
Ahmedabad - 382 445, Gujarat
Telephone : (079) 2589 0861/0865
Fax : (079) 2583 5706

BANGALORE

66A, Bommasandra Industrial Area
Hosur Road, Anekal Taluk
Bangalore - 560 099, Karnataka
Telephone : (080) 2783 1874
Fax : (080) 2783 2816

SALES DEPOTS & OFFICES

BANGALORE

F-58, Industrial Estate
Rajaji Nagar
Bangalore - 560 044, Karnataka
Telephone : (080) 2311 3446 / 3467
Fax : (080) 2311 3478

HYDERABAD

Plot No. B-7, IDA,
Uppal,
Hyderabad- 500 039, Andhra Pradesh
Telephone : (040) 2720 6821/ 6281

MADURAI

C-131, Kamarajar Road, Thirunagar
Madurai 625 006, Tamil Nadu
Telephone : (0452) 4367293

VADODARA

C/o, Multiplex Agencies
248, Ghantiada
Off. Gendigate Road, Vadodara - 390 001, Gujarat
Telephone : (0265) 2424421/2, 2452374
Fax : (0265) 242 3455

KANPUR

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