



DIC INDIA LIMITED

Annual Report 2010

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DIC India Limited

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BOARD OF DIRECTORS



Dr P K Dutt
Chairman & Chief Executive Officer



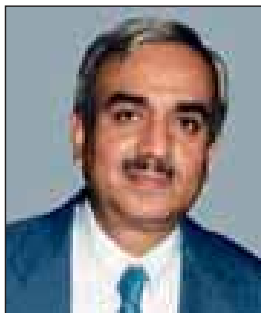
S Bhaumik
Wholetime Director



K Kudo



D Banerjee



S Bose



B Choudhuri



P L Agarwal



B N Ghosh



P Koek

Corporate Information

as on 31st December, 2010

Board of Directors

* Dr Prabir Kumar Dutt

Chairman & Chief Executive Officer

Dipak Banerjee	* Samir Bhaumik	Kazuo Kudo
Purushottam Lal Agarwal	Subir Bose	Biswajit Choudhuri
	Bhaskar Nath Ghosh	Paul Koek

* Executive Director

Timir Baran Chatterjee

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Board Committees

Audit Committee

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

Shareholders'/Investors' Grievance Committee

Purushottam Lal Agarwal – *Chairman*
Dr Prabir Kumar Dutt
Paul Koek

Remuneration Committee

Dipak Banerjee – *Chairman*
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-700091

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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31
Sales (Net)	5,534	4593	4719	4039	3395	2786	2445	2162	2000	1854
Profit before Tax	648 #	320	231	167	145	147	114	95	118	122
Tax	141	97	80	58	45	46	39	19	33	26
Profit after Tax	507 #	223	151	109	100	101	75	76	85	96
Dividend	53 *	43 *	38 *	38 *	28 *	28 *	28 *	27 *	27 *	30 *
Retained Profit	454	180	113	71	72	73	47	49	58	66
Earnings per Share (Rs.)										
- Basic	55.28 #	24.29	16.56	15.86	14.51	14.72	10.92	10.98	12.29	13.97
- Diluted	55.28 #	24.29	16.56	15.69	—	—	—	—	—	—
Dividend per Share (%)	50 @	40	35	35	35	35	35	35	35	40
Net Worth per										
Equity Share (Rs.)	265.53	216.04	196.47	170.52	157.54	147.12	136.41	29.47	122.43	113.68 **
PBT to Sales (%)	11.72 #	6.97	4.90	4.14	4.27	5.28	4.66	4.39	5.90	6.60
PAT on Shareholders										
Funds (%)	20.82	11.24	8.37	9.30	9.22	9.97	8.00	8.52	10.03	12.27
Debt Equity Ratio	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	0.46:1
Sources of Funds										
Share Capital	92	92	92	69	69	69	69	69	69	69
Share Application	—	—	—	516	—	—	—	—	—	—
Reserves & Surplus	2,345	1,891	1,711	1,105	1,016	944	870	823	774	714
Borrowings	115	427	497	209	693	444	379	425	408	359
	2,552	2,410	2,300	1,899	1,778	1,457	1,318	1,317	1,251	1,142
Application of Funds										
Net Fixed Assets	772	756	745	682	535	451	403	380	347	308
Investments	—	108	108	108	108	108	108	108	108	108
Net Current Assets	1,780	1,546	1,447	1,109	1,135	898	807	826	790	719
Misc. Expenses	—	—	—	—	—	—	—	3	6	7
	2,552	2,410	2,300	1,899	1,178	1,457	1,318	1,317	1,251	1,142

Notes:

* Includes Tax on Dividend

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

@ Proposed

After considering Extraordinary 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, 2010

The Board of Directors of the Company consisted of 9 members, comprising:

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

The Chairman of the Board is an Executive Director.

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

B) Other Directorships/Committee Memberships held as on 31st December, 2010

Name of Director	Category	Directorships held in other Companies*		Committee Memberships held in other Companies#	
		As Director	As Chairman	As Member	As Chairman
Dr P K Dutt	Chairman & Chief Executive Officer Executive	—	—	—	—
Mr S Bhaumik	Executive	—	—	—	—
Mr D Banerjee	Non-Executive & Independent	7	1	5	3
Mr S Bose	Non-Executive & Independent	2	1	1	—
Mr B Choudhuri	Non-Executive & Independent	11	—	2	3
Mr P L Agarwal	Non-Executive & Independent	8	—	3	1
Mr B N Ghosh	Non-Executive & Independent	—	—	—	—
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
Arun Das Chatterjee	Executive	21.04.2010	Transferred to holding company, DIC Asia Pacific Pte Ltd., Singapore
Mitsunobu Miyasaka	Non-Executive	26.05.2010	Resigned
Kazuo Kudo	Non-Executive	02.06.2010	Appointment as Additional Director

D) *Board Meetings held during the year*

During the financial year ended 31st December, 2010, nine Board Meetings were held on 10th February, 2010, 26th March, 2010, 20th April, 2010, 26th May, 2010, 2nd June, 2010, 20th July, 2010, 10th September, 2010, 21st October, 2010 and 20th December, 2010.

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

Name of Director	Meetings Attended	Attendance at last AGM
Dr P K Dutt	9	Yes
Mr A D Chatterjee	3	N.A.
Mr S Bhaumik	7	Yes
Mr M Miyasaka	1	N.A.
Mr K Kudo	2	N.A.
Mr P Koek	7	Yes
Mr D Banerjee	8	Yes
Mr S Bose	5	Yes
Mr B Choudhuri	8	Yes
Mr P L Agarwal	3	Yes
Mr B N Ghosh	8	Yes

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 63rd 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 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 Parent Company. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

As on 31st December, 2010, the Audit Committee of the Company comprises of the following members as per table given hereinbelow:

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

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

C) *Meetings during the year*

During the financial year ended 31st December, 2010, four meetings were held on 9th February, 2010, 20th April, 2010, 20th July, 2010 and 21st October, 2010.

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

Name of Director	Meeting Attended
Mr D Banerjee	4
Mr S Bose	1
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*

Till the resignation of Mr M Miyasaka on 26th May, 2010, the Remuneration Committee consisted of Mr D Banerjee, Chairman, and Mr M Miyasaka and Mr P Koek as the members of the Committee. Subsequently, Mr K Kudo was invited to become the member of the Remuneration Committee with effect from 21st October, 2010. As on 31st December, 2010, the Remuneration Committee comprises 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, 2010, two meetings were held on 10th February, 2010 and 21st October, 2010. The attendance of the Directors is as given below:

Name of Member	Meeting Date	Attendance	Meeting Date	Attendance
Mr D Banerjee	10.02.2010	Yes	21.10.2010	Yes
Mr M Miyasaka	10.02.2010	Yes	N.A.	N.A.
Mr P Koek	10.02.2010	Yes	21.10.2010	Yes
Mr K Kudo	N.A.	N.A.	21.10.2010	N.A.

D) *Remuneration paid/payable to the Directors for the financial year ended 31st December, 2010*

(Figure in Rs.)

Name of Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Dr P K Dutt	4,164,330	2,010,000	—	3,362,456	—	9,536,786
Mr A D Chatterjee	673,723	160,800	—	1,739,378	—	2,573,901
Mr S Bhaumik	1,737,165	673,350	—	1,807,935	—	4,218,450
Mr D Banerjee	—	—	150,000	—	128,000	278,000
Mr S Bose	—	—	150,000	—	58,000	208,000
Mr B Choudhuri	—	—	150,000	—	112,000	262,000
Mr P L Agarwal	—	—	150,000	—	38,000	188,000
Mr B N Ghosh	—	—	150,000	—	112,000	262,000
Mr P Koek	—	—	—	—	—	—
Mr M Miyasaka	—	—	—	—	—	—
Mr K Kudo	—	—	—	—	—	—

- Except the Chairman & Chief Executive Officer and the Whole Time Directors, all the members of the Board are liable to retire by rotation. The appointment of the Executive Directors is governed by the resolutions passed by the Board, as per recommendations of the Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable.
- Performance Bonus payable to the Executive Directors is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- The Non-Executive Directors do not hold any shares or convertible instruments of the Company.

- The Company has paid commission to its Resident Non-Executive Directors in addition to sitting fees pursuant to approval of the Annual General Meeting held on 12th June, 2008. The criteria of payment of commission to the Resident Non-Executive Directors is as under :
 - Non-Executive Chairman - 0.5% of the profits subject to annual ceiling of Rs.600,000
 - Others - 0.5% of the profits subject to annual ceiling of Rs.150,000 per Director.
- At present, sitting fees of Rs.10,000 is paid to each resident Non-Executive Director for attending each meeting of the Board and Rs.8,000 for the Committees thereof.
- No commission and sitting fees are payable to the Non-Resident Non-Executive Directors.

5. Shareholders'/Investors' Grievance Committee

A) Terms of Reference

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

B) Composition

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

As on 31st December, 2010, the Committee comprises of:

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

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

C) Attendance

During the year ended 31st December, 2010, two meetings were held and the attendance of the members is as given below:

Name of Member	Meeting Date	Attendance	Meeting Date	Attendance
Mr P L Agarwal	10.02.2010	No	20.12.2010	Yes
Dr P K Dutt	10.02.2010	Yes	20.12.2010	Yes
Mr P Koek	10.02.2010	Yes	20.12.2010	No

D) Status of Transfers

During the year ended 31st December, 2010, 2116 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December, 2010.

E) Complaints

During the year ended 31st December, 2010, the Company has not received any complaint from shareholders.

6. Subsidiary Company

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

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

Pursuant to the Share Purchase Agreement executed on 26th March, 2010, between the Company and The Valspar (Singapore) Corporation Pte Limited, a company incorporated and validly existing under the laws of Singapore, the Board of Directors of DIC India Ltd in its meeting held on 26th May, 2010 had approved the sale of the entire shareholdings in its wholly owned unlisted subsidiary, DIC Coatings India Limited, to The Valspar (Singapore) Corporation Pte Limited. Pursuant to the said sale of shares, the Company as on date has no subsidiary.

7. General Body Meetings

A) *Particulars of last three Annual General Meetings*

AGM	Year Ended	Venue	Date	Time
62nd	31.12.2009	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001	02.06.2010	11.00 a.m.
61st	31.12.2008	As above	12.05.2009	11.00 a.m.
60th	31.12.2007	As above	12.06.2008	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
62nd	31.12.2009	NA	02.06.2000	11.00 a.m.
61st	31.12.2008	NA	12.05.2009	11.00 a.m.
60th	31.12.2007	Commission not exceeding 1% of the net profit to the Resident Non-Executive Directors for a period of 5 years starting from 1st January, 2009.	12.06.2008	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 Subhash Road Kolkata - 700 001	18.12.2000	11.00 a.m.
Allotment of Shares to Coates Brothers Plc., UK on preferential basis; re-appointment and revised remuneration payable to Managing and Wholetime Directors	As above	02.12.1993	3.00 p.m.
Issue of Shares on Rights Basis	As above	18.12.1992	3.00 p.m.
Others			
Court Convened Meeting for approval of merger of Rohit (Printing Inks & Paints) Industries Private Limited with the Company	As above	29.06.2007	10.00 a.m.

8. Disclosures

- A) A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties, as a policy, were made on arms length basis except purchases of services/processing charges to the extent of Rs.5,435,092 and sale of services to the extent of Rs.4,750,000 where no comparison can be made in the absence of comparable transactions.
- 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.dicindia ltd.com
- C) Whether the website also displays official news releases and presentations to institutional investors/analysts : Yes
- D) Audited Financial Results: :
 - Newspapers published in : The Economic Times
Sambad Pratidin
- E) Whether Management Discussion and Analysis Report are part of Annual Report : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion and Analysis Report.

10. Code of Professional Conduct

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

In terms of the resolution passed by the Board of Directors in their meeting held on 9th February, 2011, 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 31 December, 2010 forms part of the Annual Report.

11. CEO/CFO Certification

The Certificate duly signed by the Chairman and the Chief Financial Officer in respect of the financial year ended 31st December, 2010 has been placed before the Board in the meeting held on 9th February, 2011 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 - Furnishing of Half-Yearly Results

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

4. Audit Qualifications

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

5. Mechanism for Evaluating Non-Executive Board Members

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

6. Whistle Blower Policy

The Company presently does not have a Whistle Blower Policy. However, in its meeting held on 20th December, 2010, the Board considered the proposal for adoption of a Whistle Blower Policy. Any update in this matter would be suitably communicated to the Stock Exchanges and the members.

CERTIFICATION

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

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

For **DIC INDIA LIMITED**

DR P K DUTT
Chairman

S CHATTERJEE
Chief Finance Officer

Place: Kolkata
Date : 9th February, 2011

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

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 29th April, 2005. After adoption of the Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended 31st December, 2010. The same has been duly noted by the Board in its meeting held on 9th February, 2011.

For **DIC INDIA LIMITED**

Place : Kolkata
Date : 9th February, 2011

DR P K 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 31.12.2010, as stipulated in Clause 49 of the Listing Agreements 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 & LEWES**
Firm Registration Number - 301056E
Chartered Accountants

PRABAL KR SARKAR
Partner
Membership No.52340

Place: Kolkata
Date: 9th February, 2011

Shareholder Information

1. Annual General Meeting

The 63rd Annual General Meeting will be held at 3:00 p.m. on Thursday, 28th April 2011, 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, 2010, results were announced on :

Approval of	Board Meeting Date
Unaudited Results for 1st quarter ended 31.03.2010	20.04.2010
Unaudited Results for 2nd quarter ended 30.06.2010	20.07.2010
Unaudited Results for 3rd quarter ended 30.09.2010	21.10.2010
Audited Results for financial year ended 31.12.2010	09.02.2011

3. Book Closure Date

The period of book closure is from 19th April, 2011 to 28th April, 2011, both days inclusive.

4. Dividend Payment Date

A dividend payment of Rs.5.00 per Equity Share of Rs.10.00 each will be paid on 5th May, 2011, 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

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

6. Listing Fee to Stock Exchanges

The Annual Listing Fee for the year 2010-11 has been paid to all these Stock Exchanges. The Annual Listing Fee for the year 2011-12 will be paid within the stipulated time.

7. Custodial Fee to Depositories

The Company has paid Annual Custodial Fee for the year 2010-11 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Custodial Fees for the year 2011-12 will be paid within the stipulated time.

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

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

9. **Stock Code**

The Company's Stock Exchange Codes are as follows:

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

10. **Market Price Data**

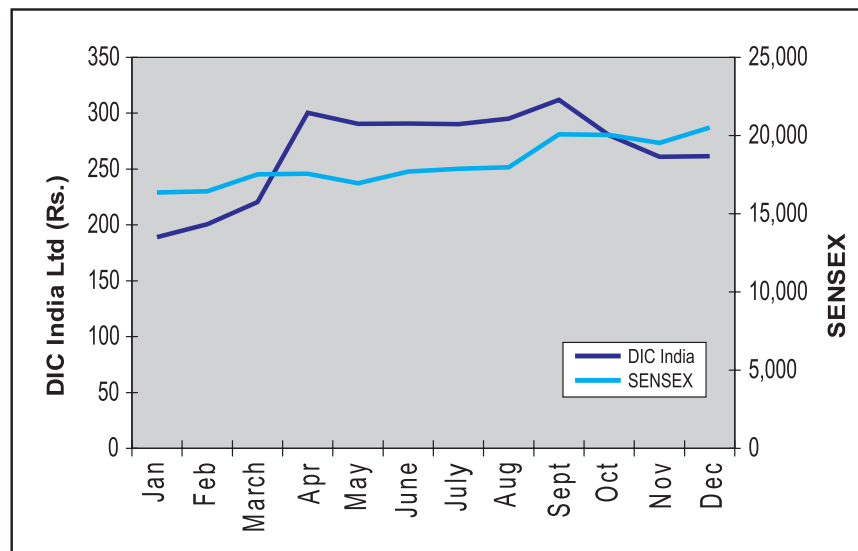
Monthly High and Low price of Company's Equity Shares at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for the period from 1st January, 2010 to 31st December, 2010 are stated hereunder. There were no significant transactions on Calcutta Stock Exchange Association Limited.

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

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January, 2010	221.50	182.05	221.00	183.10
February, 2010	218.00	186.20	238.00	188.00
March, 2010	239.00	188.00	239.90	200.30
April, 2010	322.00	222.05	321.40	222.60
May, 2010	308.90	266.60	309.90	263.55
June, 2010	310.05	276.25	313.00	276.00
July, 2010	329.90	289.30	329.95	288.25
August, 2010	324.45	285.10	324.90	271.55
September, 2010	343.00	295.35	341.50	281.25
October, 2010	330.00	278.05	327.50	278.20
November, 2010	307.00	240.55	339.90	240.05
December, 2010	278.90	233.00	275.00	238.20

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

(Based on Closing prices of BSE Sensex and DIC)



12. Registrar and Share Transfer Agent

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

M/s CB Management Services (P) Limited

P-22, Bondel Road, Kolkata - 700 019

Phone: 2280 6692/93/94/2486/2937/4011 6700

Fax: 91-33-2287 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, 2010:

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	6983	0.07
Bodies Corporate	265935	2.90
Foreign Institutional Investors	50	0.00
NRIs/OCBs	53801	0.59
Public	2250818	24.52
Others	15180	0.17
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, 2010 is as follows:

Slab	No. of Shareholders		No. of Shares	
	Total	% of Shareholders	Total	% to Share Capital
1 — 500	8862	93.35	860,088	9.37
501 — 1000	302	3.18	243,196	2.65
1001 — 2000	179	1.89	270,308	2.94
2001 — 3000	55	0.58	138,902	1.51
3001 — 4000	24	0.25	81,200	0.89
4001 — 5000	29	0.31	137,413	1.50
5001 — 10000	23	0.24	161,840	1.76
10001 — above	19	0.20	7,286,030	79.38
Total	9493	100.00	9,178,977	100.00

17. Secretarial Audit for Capital Reconciliation

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

18. Dematerialisation of Shares and Liquidity

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

As on 31st December, 2010, 97.33% of the Company's total paid up capital representing 8,934,136 equity shares were held in dematerialised form and the balance 2.67% representing 244,841 Equity Shares were held in physical form.

19. Address for Correspondence with Depositories

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

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

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

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

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

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

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

Financial year	Dividend %	Total Dividend (Rs. in Million)
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
2001	40	27.54

22. **Unclaimed Dividend**

Unclaimed dividend for the years prior to and including the financial year 2002 has been transferred to the General Revenue Account of the Central Government/the Investor Education and Protection Fund (IEPF) established by the Central Government, as applicable.

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

Financial year ended	Dividend Identification No.	Date of Declaration of Dividend	Total Dividend (Rs.)	Unclaimed Dividend as on 31.12.2010 (Rs.)	Due for transfer to IEPF on
31.12.2003	56th	29.06.2004	24,099,379.50	159,471.00	05.08.2011
31.12.2004	57th	29.04.2005	24,099,379.50	171,946.50	06.06.2012
31.12.2005	58th	15.05.2006	24,099,379.50	145,243.50	22.06.2013
31.12.2006	59th	29.05.2007	24,099,379.50	150,661.00	06.07.2014
31.12.2007	60th	12.06.2008	32,126,419.50	160,632.50	20.07.2015
31.12.2008	61st	12.05.2009	32,126,419.50	217,874.50	19.06.2016
31.12.2009	62nd	02.06.2010	36,715,908.00	251,224.00	10.07.2017

23. **Plant Locations as on 31st December, 2010.**

Location	Address
Kolkata	Transport Depot Road, Kolkata - 700 088
Mumbai	Chandivali Farm, Off Saki Vihar Road, Mumbai - 400 072
New Delhi	7, D.L.F. Industrial Area, Shivaji Marg, New Delhi - 110 015
Noida	C - 55 A & B, Phase II, Dist. Gautam Budh Nagar, Noida - 201 305, (U.P)
Ahmedabad	Plot No. 633 & 634, G.I.D.C. Industrial Estate, Phase IV, Vatva, Ahmedabad - 382 445
Chennai	60, Sheik Maistry Street, Royapuram, Chennai - 600 013
Bengaluru	66A, Bommasandra Industrial Area, Hosur Road, Anekal Taluk, Bengaluru - 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 : 91-33- 2449 6591 to 6 (6 lines), Fax : 91-33- 2449 5267

E-mail : tb.chatterjee@dic.co.in, Website : www.dicindia ltd.com

Report of the Directors & Management Discussion and Analysis Report

The Directors have pleasure in submitting their Report and the Accounts for the year ended 31st December, 2010.

OVERVIEW OF THE ECONOMY

The global economy during the year went through a lot of uncertainty with the sovereign debt crisis in Euro zone, unemployment and low customers spending in the advanced economies. It was only towards the end of the year the advanced economies started recovering, albeit, slowly.

It is the emerging market economies, which had the growth momentum going backed by strong domestic demand. However, inflation remains a serious concern.

The Indian economy grew by 8.9% during first half of 2010-11 and the recovery was broadbased. However, the second half of 2010 witnessed a drop in industrial growth and also the core infrastructure sector has grown slower than both overall GDP and industrial sector.

The other major worry for the growth remains to be high trade deficit, the high inflation due to demand - supply gap and the continuous increase in fuel prices. It is believed that the various monetary and fiscal measures taken by the Government and the Reserve Bank of India will be able to control the inflation, interest rate and put the industrial growth back to attain the projected level of GDP at 8.6%.

INDUSTRY OVERVIEW (PRINTING INK)

The Printing Ink consumption is directly related to GDP growth. The market for Printing Ink Industry is currently estimated around Rs.25,000 million and is expected to maintain 10 - 12 % annual growth by volume led by strong growth in FMCG and Publication space.

FINANCIAL RESULTS

(Rs. in Million)

	2010	2009
Net Sales	5,533.61	4,592.52
Other Income	119.07	103.90
Total Income	5,652.68	4,696.42
Operating Profit	344.59	316.37
Other Non-operating Income	50.54	50.54
Profit before Taxation & Extraordinary Items	372.81	319.53
Extraordinary Income	275.69	--
Provision for Taxation including Deferred Taxation	141.10	96.58
Profit after Tax	507.40	222.95
Balance brought forward from previous year	693.79	536.30
Making a total available for appropriation	1,201.19	759.25
Out of which Directors have transferred to General Reserve	51.00	22.50
Your Board recommends for distribution as normal dividend at the rate of Rs.4.00 Share and special dividend at the rate of Re.1.00 Share on 9,178,977 Equity Shares (together with Tax on Dividend & Surcharge) absorbing in all	53.51	42.96
(Previous year - Rs.4.00 per share on 9,178,977 Equity Share)		
Leaving a balance carried forward of	1,096.68	693.79

PERFORMANCE REVIEW

During the year your Company's overall net sales increased from Rs.4,592.52 million to Rs.5,533.61 million registering an increase of 20.50% in terms of value and 17.2% in terms of volume. During the year under review, the Company witnessed a significant increase in raw material cost. The Company could pass on the increase in input cost partially to customers, however, due to better product mix and strong cost control, the Company was able to increase its overall operating profit from Rs.316.37 Million to Rs.344.59 Million. During the year, the Company sold its entire holding of shares in the wholly owned subsidiary of the Company, M/s DIC Coatings India Limited at a consideration of Rs.400.68 million with a profit of Rs.275.69 Million resulting in a higher pre-tax profit of Rs.648.50 million compared to Rs.319.53 million earned in the previous year registering an increase of 102.9%. The post tax profit also accordingly increased to Rs.507.40 million compared to Rs.222.95 million in the previous year, an increase of 127.50%.

ACCOUNTS OF SUBSIDIARY COMPANY

During the year, the Company sold its entire shareholding in the only wholly owned subsidiary, DIC Coatings India Limited, to The Valspar (Singapore) Corporation Pte Limited and as on 31st December, 2010, there are no other subsidiary of the Company.

DIC INDIA LIMITED

DIC COATINGS INDIA LIMITED

As had been informed to the Members in the past, the Management was evaluating various options to divest its shareholding held in DIC Coatings India Limited.

Accordingly, after exploring all avenues, your Board in its meeting held on 26th March, 2010, had approved the execution of a Share Purchase Agreement defining the terms of sale of the Company's entire shareholding in its wholly owned unlisted subsidiary, DIC Coatings India Limited, to The Valspar (Singapore) Corporation Pte Limited, a company incorporated and validly existing under the laws of Singapore. Thereafter the Board of Directors of DIC India Limited in its meeting held on 26th May, 2010 approved the sale of the entire shareholding in its wholly owned unlisted subsidiary, DIC Coatings India Limited, to The Valspar (Singapore) Corporation Pte Limited for an aggregate consideration of Rs.400,680,362. With effect from 1st June, 2010, DIC Coatings Limited ceased to be a subsidiary of your Company.

DIVIDEND

Considering the performance of the Company and keeping in mind the need to conserve resources for future growth, your Board recommends an increase in the rate of dividend declared to Rs.5.00 per share (including a special dividend of Re.1.00 per share) (FY2009 - Rs.4.00 per share), subject to approval of shareholders at the ensuing Annual General Meeting.

CAPITAL EXPENDITURE

Capital expenditure during the year amounted to Rs.133.52 million, a major part of which was spent on plant and 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

As on 31st December, 2010, 22 deposits aggregating to Rs.0.25 million remained unclaimed by the depositors.

HUMAN RESOURCES

Your Company believes that the competence and commitment of the people are the principle drivers of competitive advantage that enable the enterprise to create and deliver value. The industrial relations climate of your Company continues to remain harmonious with focus on improving productivity, quality and safety. Efforts are being made to strengthen organizational culture in order to attract and retain the best talent in the industry. Training needs are identified in a systematic manner and regular training programmes are organised, both in-house and external where employees are nominated to participate. The Board records its appreciation of the commitment and support of the employees and looks forward to their continued support. As on 31st December, 2010, the Company had 606 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.

INTERNAL CONTROL SYSTEMS

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

CORPORATE GOVERNANCE

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

SAFETY AND ENVIRONMENT

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

INFORMATION SYSTEM

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

DIRECTORS

Mr A D Chatterjee has been the Wholetime Director of the Company since 2007. Subsequent to re-assignment of his duties within the DIC Group, he has been transferred to the holding company, DIC Asia Pacific Pte Ltd, Singapore and he has accordingly tendered his resignation from the Board with effect from 21st April, 2010.

Mr Mitsunobu Miyasaka, the erstwhile Regional Managing Director of the holding Company, DIC Asia Pacific Pte Ltd, Singapore had been in the Board of the Company since 18th April, 2007. Subsequent to his taking a new assignment within the Group, he has tendered his resignation from the Board of Directors with effect from 26th May, 2010.

The Board recorded its appreciation for the dedication, foresightedness, leadership and contribution made by Mr A D Chatterjee and Mr M Miyasaka to the growth of the Company.

DIC INDIA LIMITED

Pursuant to the resignation of Mr M Miyasaka from the Board, Mr Kazuo Kudo has been appointed as the Regional Managing Director of the Company's holding Company and has been nominated to the Board of DIC India Limited with effect from 2nd June, 2010. He also holds directorship in several other DIC Group Companies. Mr. Kudo'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 K Kudo is not related to any Director in the Company and does not hold any shares in the Company.

Pursuant to the succession planning of the Company, the Board in its meeting held on 21st October 2010, had rescinded the present terms of appointment of Dr P K Dutt as the Chairman & Chief Executive Officer which was due to expire on 31st March, 2011 and has given a fresh term of appointment of 15 months to Dr Dutt as the Chairman of the Company with effect from 1st January, 2011 till 31st March, 2012.

The Board in the same meeting held on 21st October, 2010 had also rescinded the present terms of appointment of Mr Samir Bhaumik as the Wholetime Director which was due to expire on 28th October, 2012 and has given a fresh term of appointment to Mr Bhaumik as the Managing Director of the Company with effect from 1st January, 2011 for a period of 3 years.

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

The appointments of Dr P K Dutt, Mr S Bhaumik, Mr Kudo, Mr S Bose and Mr P L Agarwal, 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, 2010, 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, 2010 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, 2010 have been prepared on a going concern basis.

AUDITORS

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

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

The Company has transferred a total sum of Rs.0.31 million during the financial year 2010 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.0.17 million and a further Rs.0.14 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

The Company has a system of periodical internal audit of all regions and also of various functional areas of the Company. The reports are placed before the Audit Committee and give directions towards rectification of the problem at hand.

Strategic Risk

The Company identified that being a knowledge based industry, intellectual property rights was a major area of threat. Accordingly, the Company has taken an intensive exercise to ensure all products and technologies used by the Company were covered under the applicable trademark and copyright Acts.

Operational Risk

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

BUSINESS OUTLOOK AND FUTURE PROSPECTS

India continues to remain one of the fastest growing economies in the world with a growth rate of 8.6% during 2010 -11. The GDP growth is reverting to its earlier high growth trajectory led by broad-based growth momentum. The growth process was further supported by the buoyant services sector and enhanced agricultural output. Industrial growth was robust, albeit, with greater volatility.

However, it was noticed that the robust growth has also coincided with sectoral imbalances whereby demand is growing faster than capacity thereby rising inflationary pressure. The fact that uncertain rainfalls have resulted in agricultural growth being lower than population growth has also added to the rising inflation particularly in food prices. For high growth to co-exist with a low inflation regime, structural policy measures to limit the magnitude of imbalances would be critical for which the Government is taking active measures.

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

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

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

Kolkata
9th February, 2011

B CHOUDHURI

Director

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

ANNEXURE TO THE DIRECTORS' REPORT

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

Conservation of Energy

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

FORM - A

CONSERVATION OF ENERGY FOR THE ACCOUNTING PERIOD ENDED 31ST DECEMBER, 2010

A) Power and Fuel Consumption

(a)	Fuel consumption	Units	2010	2009
1	Electricity			
(i)	Purchased from Electricity Board			
	KWH	Million	10.22	9.12
	Total Amount	Rs. in Million	59.62	50.83
	Average Rate	Rs./Units	5.83	5.57
(ii)	Purchased from Others			
	KWH	Million	—	—
	Total Amount	Rs. in Million	—	—
	Average Rate	Rs./Units	—	—
(iii)	Own Generation - through Diesel Generator			
	KWH	Million	0.84	0.72
	Unit per litre of diesel	Kwh	3.03	3.03
	Average Rate	Rs./Units	9.89	9.80
2	HSD Used			
	Ltrs	Million	0.55	0.31
	Total Amount	Rs in million	17.42	9.90
	Average Rate	Rs./Units	31.62	31.55
3	Furnace Oil			
	Ltrs	Million	—	—
	Total Amount	Rs in million	—	—
	Average Rate	Rs./Units	—	—

(b) Consumption per Unit of Production

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

B) Research & Development

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

For development of:

- Sheetfed process colours using Aromatic-free mineral oil
- VOC-free Universal Colour Concentrate series for Silk Screen products
- Sheetfed process colours having specific properties as per ISO 2846
- High-gloss Wet Offset UV Varnish
- 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 on R&D Facilities:

- Capital Expenditure of Rs.0.09 million
- Recurring Expenditure of Rs.14.81 million,
- Total Expenditure Rs.14.90 million and
- Total R&D Expenditure as a percentage to total turnover was 0.27%.

C) Technology Absorption, Adoption and Innovation

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

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

2. Benefits derived as a result of above efforts

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

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

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

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

D) Foreign Exchange earnings and outgo

Exports during the year stood at Rs.243.52 million (from Rs.208.73 million in 2009), registering a significant increase of 16.67%. Earnings in foreign exchange through exports and other earnings amounted to Rs.245.52 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.1645.34 million.

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, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, 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, 2010 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, 2010;
 - (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.

For **Lovelock & Lewes**
Firm Registration Number 301056E
Chartered Accountants
Prabal Kr Sarkar
Partner
Membership Number 52340

Kolkata
9th February, 2011

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, 2010

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 receipt and/or relevant documents. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any 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 Clauses 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchase of services to the extent of Rs.5,435,092 and sale of services to the extent of Rs.4,750,000 where no such comparison can be made in the absence of comparable transactions.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

8. 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.

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

(b) According to the information and explanations given to us 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, 2010 which have not been deposited on account of a dispute are as follows:

Name of the statute	Amount (Rs.)	Forum where the dispute is pending
Income Tax Act	11,828,924 15,785,002 372,424	Hon'ble High Court at Calcutta Commissioner (Appeals) Income Tax Appellate Tribunal
Local Sales Tax Act	7,301,614 1,109,088 7,809,493	Additional Commissioner of Commercial Taxes Appellate and Revisional Board Joint Commssioner (Appeals)
Central Sales Tax	1,061,163 10,243,389 5,161,425 228,602 5,400,000	Commissioner (Appeals) Additional Commissioner of Commercial Taxes Joint Commissioner (Appeals) Hon'ble High Court at Calcutta Appellate Tribunal
Excise Duty	21,155,644 21,921,466 11,908,624 213,942	CCE (Appeals) CESTAT Jurisdictional Commissioner of Excise Deputy Commissioner
Service Tax	29,173,464 6,792,778 92,561	Commissioner of Service Tax CCE (Appeals) CESTAT
Customs Duty	3,428,167 2,455,164	Hon'ble High Court at Calcutta CESTAT

10. The Company has no accumulated losses as at 31st December, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. 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. The Company has not obtained any term loans.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year and no debentures are outstanding at the end of the year.
20. The Company has not raised any money by public 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
9th February, 2011

For **Lovelock & Lewes**
Firm Registration Number: 301056E
Chartered Accountants

Prabal Kr Sarkar
Partner
Membership Number 52340

Balance Sheet

BALANCE SHEET As at 31st December, 2010

(Rs. in Million)

	Schedule	As at 31st December 2010		As at 31st December 2009	
I SOURCES OF FUNDS					
Shareholders' Funds					
a) Capital	1	91.79		91.79	
b) Reserves & Surplus	2	2,345.46	2,437.25	1,891.57	1,983.36
Loan Funds					
a) Secured	3	114.80		166.75	
b) Unsecured	4	—	114.80	260.00	426.75
Deferred Taxation	13		68.82		64.12
TOTAL			2,620.87		2,474.23
II APPLICATION OF FUNDS					
Fixed Assets					
a) Gross Block	5	1,352.48		1,236.27	
b) Less: Accumulated Depreciation and Amortisation		637.90		566.28	
c) Net Block		714.58		669.99	
d) Capital Work-in-Progress		57.64	772.22	86.75	756.74
Investments	6		—		107.53
Current Assets, Loans & Advances					
a) Inventories	7	854.37		592.31	
b) Sundry Debtors	8	1,491.42		1,269.24	
c) Cash & Bank Balances	9	176.44		251.03	
d) Loans & Advances	10	330.33		245.40	
		2,852.56		2,357.98	
Less: Current Liabilities & Provisions					
a) Liabilities	11	910.81		683.78	
b) Provisions	12	93.10		64.24	
		1,003.91		748.02	
Net Current Assets			1,848.65		1,609.96
TOTAL			2,620.87		2,474.23
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.

For **LOVELOCK & LEWES**
Firm Registration Number - 301056E
Chartered Accountants
PRABAL KR SARKAR
Partner
Membership No.52340
Kolkata, 9th February, 2011

On behalf of the Board
DR P K DUTT
Chairman
B CHOUDHURI
Director
T B CHATTERJEE
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary
Kolkata, 9th February, 2011

Profit & Loss Account

PROFIT & LOSS ACCOUNT

For the year ended 31st December, 2010

(Rs. in Million)

	Schedule	Year ended 31st December 2010	Year ended 31st December 2009
I INCOME			
Sales		6,048.18	4,961.58
Less: Excise Duty		514.57	369.06
		5,533.61	4,592.52
Other Income	14	119.07	103.90
		5,652.68	4,696.42
II EXPENDITURE			
Materials Consumed	15	4,135.57	3,354.29
Expenses	16	1,035.08	892.28
Depreciation and Amortisation		85.97	82.32
Interest		23.25	38.16
Discount on Issue of Commercial Paper		—	9.84
		5,279.87	4,376.89
III PROFIT			
Profit before Taxation and before Extraordinary Item		372.81	319.53
Extraordinary Income (Net-off Expenses) (Note No. 9 in Sch.17)		275.69	—
Less: Taxation for the year			
– Current Tax (Note No.11 in Sch. 17)		136.40	91.00
– Fringe Benefit Tax		—	4.13
– Deferred Tax		4.70	1.45
Profit after Taxation		507.40	222.95
Profit brought forward		693.79	536.30
Profit available for appropriation		1,201.19	759.25
IV APPROPRIATIONS			
General Reserve		51.00	22.50
Proposed Dividend		45.89	36.72
Add: Dividend Tax incl. Surcharge		7.62	6.24
Profit carried forward		1,096.68	693.79
		1,201.19	759.25
Earnings Per Share (Note No.28 in Sch.17)			
- Basic and Diluted on Profit before Extraordinary Item (Rs.)		28.92	24.29
- Basic and Diluted on Profit after Extraordinary Item (Rs.)		55.28	24.29
Face Value of Equity Shares		10.00	10.00
Notes	17		
Significant Accounting Policy	18		

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

For **LOVELOCK & LEWES**
Firm Registration Number - 301056E
Chartered Accountants
PRABAL KR SARKAR
Partner
Membership No.52340
Kolkata, 9th February, 2011

On behalf of the Board
DR P K DUTT
Chairman
B CHOUDHURI
Director
T B CHATTERJEE
Senior Executive Vice President
(Corporate Affairs and Legal) & Company Secretary
Kolkata, 9th February, 2011

Schedules to the Accounts

	As at 31st December 2010	(Rs. in Million) As at 31st December 2009
Schedule 1		
CAPITAL		
Authorised		
15,000,000 (2009 – 15,000,000) Equity Shares of Rs.10 each	150.00	150.00
Issued and Subscribed		
9,178,977 (2009 – 9,178,977) Equity Shares of Rs.10 each fully paid	91.79	91.79

Of the Above Shares:

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

	As at 31st December 2010	(Rs. in Million) As at 31st December 2009
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	542.92	520.42
Add: Transferred from Profit & Loss Account	51.00	22.50
	593.92	542.92
Profit & Loss Account		
	1,096.68	693.79
	2,345.46	1,891.57

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2010	As at 31st December 2009
Schedule 3		
SECURED LOANS		
Overdrafts/Working Capital Loans		
From Banks	114.80	166.75
(Note No.3 in Sch.17)		
	<u>114.80</u>	<u>166.75</u>
Schedule 4		
UNSECURED LOANS		
Short Term Loan from Banks	—	100.00
Short Term Loan from Others	—	160.00
	<u>—</u>	<u>260.00</u>

Schedules to the Accounts

Schedule 5

FIXED ASSETS

(Rs. in Million)

Particulars	Cost as at 1.1.2010	Addition during the year	Sales/ Discards/ Transfer	Cost as at 31.12.2010	Depreciation			Amortisation			Net Value as at 31.12.2010	Net Value as at 31.12.2009	
					As at 1.1.2010	On Sales/ Discards/ Transfer	For the Year	As at 31.12.2010	On Sales/ Discards/ Transfer	For the Year			As at 31.12.2010
INTANGIBLE ASSETS													
Computer Software	20.04	—	—	20.04	—	—	—	15.87	—	4.17	20.04	—	4.17
TANGIBLE ASSETS													
Land-Freehold	9.08	—	—	9.08	—	—	—	—	—	—	—	—	9.08
Land-Leasehold	17.47	—	—	17.47	—	—	3.29	—	—	0.46	3.75	—	14.18
Buildings	168.85	34.19	—	203.04	69.49	9.63	—	79.12	—	—	—	—	99.36
Plant and Machinery	933.44	92.84	13.55	1,012.73	413.83	64.07	—	466.70	—	—	—	—	519.61
Furniture and Fittings	32.23	1.18	0.19	33.22	18.61	2.36	—	20.88	—	—	—	—	13.62
Vehicles	4.45	—	1.86	2.59	3.30	0.26	—	2.07	—	—	—	—	1.15
Computers	50.71	5.31	1.71	54.31	41.89	5.02	—	45.34	—	—	—	—	8.82
Total	1,236.27	133.52	17.31	1,352.48	547.12	81.34	14.35	614.11	—	4.63	23.79	—	669.99
Previous year	1,176.28	65.93	5.94	1,236.27	475.23	76.86	4.97	547.12	—	5.46	19.16	—	669.99

Schedules to the Accounts

	As at 31st December 2010	(Rs. in Million) As at 31st December 2009
Schedule 6		
INVESTMENTS (At cost less provision)		
Long Term Investments - Unquoted		
1) Investment in Subsidiary		
10,753,147 Equity Shares of Rs.10 each in DIC Coatings India Limited, fully paid	—	107.53
2) Other than Trade Unquoted		
* Magnum Tower Co-operative Housing Society Ltd., 10 Equity Shares of Rs.50 each fully paid (Rs.500)	—	—
* Sheffield Towers Co-operative Housing Society Ltd., 5 Equity Shares of Rs.50 each fully paid (Rs.250)	—	—
* Mani Towers Flat Owners Association, 20 Equity Shares of Rs.10 each fully paid (Rs.200)	—	—
	—	107.53
	—	
* <i>These investments relate to ownership flats included in Fixed Assets.</i>		

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2010	As at 31st December 2009
Schedule 7		
INVENTORIES		
(At lower of Cost and Net Realisable Value)		
Stores and Spare Parts	19.24	18.67
Raw Materials (including Goods in Transit)	358.35	247.21
Finished Goods (including lying with third parties)	309.07	213.14
Intermediates	147.73	104.78
Containers	19.98	8.51
	<u>854.37</u>	<u>592.31</u>
Schedule 8		
SUNDRY DEBTORS		
Debts outstanding over six months		
Secured – Considered good	0.80	0.86
Unsecured – Considered good	37.88	68.75
Unsecured – Considered doubtful	1.29	9.40
	<u>39.97</u>	<u>79.01</u>
Less: Provision for Doubtful Debts	1.29	9.40
	<u>38.68</u>	69.61
Other Debts		
Secured – Considered good	19.80	15.79
Unsecured – Considered good	1,432.94	1,183.84
	<u>1,452.74</u>	<u>1,199.63</u>
	<u>1,491.42</u>	<u>1,269.24</u>
Schedule 9		
CASH AND BANK BALANCES		
Cash Balance on hand	0.81	0.61
Cheques-in-Hand	143.70	151.34
Remittance in Transit	0.23	—
Balance with Scheduled Banks on:		
Current Account	31.70	99.08
	<u>176.44</u>	<u>251.03</u>

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2010	As at 31st December 2009
Schedule 10		
LOANS AND ADVANCES		
(Unsecured considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received *	193.06	132.09
Advance Tax (Net of provision)	—	0.08
Deposits	39.43	21.79
Balances with Central Excise etc.	97.84	91.44
	330.33	245.40
* includes amount due from an officer of the Company Rs.577,528 (2009 - Rs.677,024), maximum amount outstanding at any point of time during the year Rs.677,024 (2009 - Rs.861,187).		
* includes amount due from Directors Rs.350,600 (2009 - Rs.1,002,696), maximum outstanding at any point of time during the year Rs.1,002,696 (2009 - Rs.1,476,418)		
Schedule 11		
LIABILITIES		
Acceptances	22.01	11.72
Sundry Creditors		
- Total Outstanding dues of Micro and Small Enterprises	23.94	16.32
- Total outstanding due to Creditors other than Micro and Small Enterprises	841.99	627.43
(Note No.12 in Sch.17)		
Due to Subsidiary	—	2.86
Other Liabilities	22.87	24.89
Interest Accrued but not due on loans	—	0.56
	910.81	683.78
Schedule 12		
PROVISIONS		
Proposed Dividend	45.89	36.72
Corporate Dividend Tax incl. Surcharge	7.62	6.24
Taxation (Net of Advance Tax Payments Rs.579,230,347)	2.21	—
Employees Benefit Scheme	37.38	21.28
	93.10	64.24

Schedules to the Accounts

(Rs. in Million)

	As at 31st December 2010	As at 31st December 2009
Schedule 13		
DEFERRED TAXATION		
Assets		
Employees' Separation Cost	1.17	1.68
Provision for Bad & Doubtful Debts	0.43	3.20
Rights Issue Expenses	0.57	1.16
Leave Encashment	3.63	—
Employees' Benefits	2.73	—
	8.53	6.04
Liabilities		
Fiscal Allowances on Fixed Assets	77.35	68.97
Oracle Implementation	—	1.12
Employees' Benefits	—	70.16
	77.35	70.16
	68.82	64.12
	Year ended 31st December 2010	Year ended 31st December 2009
Schedule 14		
OTHER INCOME		
1. Miscellaneous Income		
Sale of Containers	8.74	5.26
Miscellaneous Receipts (Note No.8 in Sch.17)	57.43	45.18
Bad Debts recovered	1.40	2.25
	67.57	52.69
2. Interest on (Note No.10 in Sch.17)		
Loans & Advances	0.31	0.35
Deposits with Bank	0.28	—
	0.59	0.35
3. Dividend Received from Subsidiary		
	50.54	50.54
4. Profit on Disposal of Fixed Assets		
	0.37	0.32
	119.07	103.90
Schedule 15		
MATERIALS CONSUMED		
Commencing Stock		
Raw Materials	247.21	285.81
Finished Goods	213.14	256.76
Intermediates	104.78	87.98
Containers	8.51	10.93
	573.64	641.48
Add: Purchases		
Raw Materials	3,766.76	2,880.12
Finished Goods (Note No.14(iii) in Sch.17)	274.29	140.15
Containers	318.05	255.36
	4,359.10	3,275.63
Less: Closing Stock		
Raw Materials	358.35	247.21
Finished Goods	309.07	213.14
Intermediates	147.73	104.78
Containers	19.98	8.51
	835.13	573.64
	4,097.61	3,343.47
Differential Excise Duty on Finished Goods & Intermediates	14.43	(12.39)
Inter-Factory Freight	23.53	23.21
	4,135.57	3,354.29

Schedules to the Accounts

	Year ended 31st December 2010	(Rs. in Million) Year ended 31st December 2009
Schedule 16		
EXPENSES		
Salaries, Wages, Bonus & Commission	277.33	258.29
Contribution to Provident Fund & other Funds (Net) (Note No.27 in Sch.17)	52.73	41.51
Workmen & Staff Welfare Expenses	43.25	35.30
Directors' Fees	0.45	0.43
Selling Agents' Commission	53.50	40.12
Discount & Rebates	4.00	1.54
Travelling Expenses	19.93	17.32
Rent (Note No.5 in Sch.17)	17.59	16.98
Rates & Taxes	9.25	11.37
Power & Fuel	102.32	80.34
Insurance	22.32	19.07
Despatching Expenses	150.21	119.99
Miscellaneous Expenses (Note No.7 in Sch.17)	160.55	141.72
Processing Charges	11.26	11.70
Royalty	70.36	61.22
Repairs & Maintenance		
Buildings	5.15	6.65
Plant & Machinery	26.78	22.23
Others	5.44	4.14
Auditors' Remuneration (Note No.17 in Sch.17)	2.66	2.36
	<u>1,035.08</u>	<u>892.28</u>

Schedules to the Accounts**Schedule annexed to and forming part of Financial Statements for the year ended 31st December, 2010****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.82,869,014 (2009 - Rs.37,777,107).

2. Contingent Liabilities

Contingent Liabilities not provided for in respect of:

- (i) Income Tax matters Rs.30,986,350 (2009 - Rs.30,986,350) pending in appeals.
- (ii) Disputed Sales Tax, Excise Duties, etc. Rs.161,399,243 (2009 – Rs.121,484,125) for which appeals before the relevant authorities are pending disposal.
- (iii) In respect of Bills Discounted Rs.2,505,254 (2009 – Rs.Nil)

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

3. Secured Loans

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

- (i) Mortgage of immovable properties of industrial land at Plot 633 & 634, Vatwa Industrial Estate, 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;
- (ii) Hypothecation of movable properties of the Company, including Plant & Machinery, Spares, Stores, Tools and Accessories both present and future;
- (iii) Hypothecation of Stock-in-Trade of the Company both present and future; and
- (iv) Hypothecation of Book Debts of the Company both present and future.

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

4. Derivative Instruments

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, 2010			As at 31st December, 2009		
	Sell	Buy	Net	Sell	Buy	Net
EURO	235,995	402,422	(166,427)	77,420	80,322	(2,902)
GBP	103,528	290,455	(186,927)	78	213,071	(212,993)
JPY	883,500	25,583,900	(24,700,400)	925,000	15,227,258	(14,302,258)
USD	1,513,625	2,802,350	(1,288,725)	1,007,682	1,330,120	(322,438)
CHF	135,678	—	135,678	—	230	(230)

Schedules to the Accounts

Schedule 17 (contd.)

5. Assets Acquired under Operating Lease

- (i) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, stores, godowns etc). These leasing arrangements, which are not non-cancelable, range between 11 months and 4 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent under Schedule 16.
- (ii) The Company acquired certain assets under Operating Lease, which are non-cancelable for a period of 4 years with option to renew the same for a further period at a minimum rent. Details of Lease Payments outstanding as at 31st December, 2010 and amount paid during the year are given below:

	Minimum Lease Payments due	
	<u>2010 (Rs.)</u>	<u>2009 (Rs.)</u>
Not later than one year	5,162,421	5,077,454
Later than one year and not later than five years	7,375,028	6,568,044
		Amount paid during the year
Lease Payment recognised in the Profit & Loss Account	6,542,069	8,077,384
	<u>2010 (Rs.)</u>	<u>2009 (Rs.)</u>
6. Unclaimed Fixed Deposits		
Sundry Creditors include:		
(i) Unclaimed Fixed Deposits	249,000	343,000
(ii) Unclaimed Interest on Fixed Deposits	55,145	49,838
7. Expenses		
Miscellaneous Expenses include:		
(i) Bad Debts written off	42,662,252	22,887,430
(ii) Provision for Bad & Doubtful Debts	1,292,259	9,400,000
(iii) Fixed Assets written off	1,409,534	49,739
8. Other Income		
Miscellaneous Receipts include:		
(i) Fees for Services rendered (Gross)	12,145,000	9,029,167
(ii) Commission received (Gross)	2,001,260	2,756,153
(iii) Discounts	2,232,456	2,259,902
(iv) Exchange gain	21,743,482	9,367,925
(v) Liability/Provision no longer required written back	9,541,818	15,318,410

Schedules to the Accounts

Schedule 17 (contd.)

9. Extraordinary Item

Extraordinary Item represents profit (net-off relevant expenses amounting Rs.17,461,193) arising out of sale of shares in the wholly owned subsidiary, DIC Coatings India Ltd. in accordance with the Share Purchase Agreement dated 26th March, 2010.

10. Interest Income

Interest is stated at gross

The Income Tax deducted at source was as follows:

Interest on Loans, Advances, Bank Deposits

2010 (Rs.)

2009 (Rs.)

67,597

64,565

11. 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, 2010 to 31st March, 2010 forming part of the assessment year 2010-2011. Ultimate liability for taxation for the assessment year 2011-2012 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, 2011 as one composite income.

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

	2010 (Rs.)	2009 (Rs.)
(i) Principal amount remaining unpaid at the end of the year	23,936,068	13,911,130
Interest due thereon remaining unpaid as at the end of the year	4,528,329	4,140,921
(ii) Delayed payment of principal amount paid beyond the appointed day during the year	123,101,706	270,995,689
Interest actually paid under Section 16 of the Act, during the year	—	4,712,613
(iii) Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	—	—
(iv) Interest accrued at the end of the year	387,408	2,336,111
Interest remaining unpaid, out of above, as at the end of the year	387,408	1,089,828
(v) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act*	4,528,329	4,140,921

* Included in Serial No.(v) above, is Rs.4,140,921 (2009 - Rs.3,051,094) being interest on amount outstanding as at the beginning of the Accounting Year.

Schedules to the Accounts

Schedule 17 (contd.)

13. Raw Materials Consumed

Class of Goods	2010		2009	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Pigments (M.T.)	7,153	1,133,706,464	6,157	953,531,411
Resins* (M.T.)	6,579	756,437,563	5,485	580,048,126
Oil (M.T.)	13,865	587,820,449	10,950	394,427,063
Solvents (M.T.)	9,695	567,865,267	9,266	494,187,088
Miscellaneous Chemicals (M.T.)	2,369	377,980,988	1,696	292,345,666
Rubber Blanket (Sq. Yards)	32,268	28,882,147	29,850	33,532,053
Lamination Adhesives (M.T.)	2,436	202,924,046	2,410	170,649,130
TOTAL		3,655,616,924		2,918,720,537

* Excludes Resin processed (in tonnes) for own consumption [Note No.14 (i) & (ii)]

	2632	1670
--	------	------

14. Capacity, Production, Sales and Stock

(i) Capacities & Production:

Class of Goods	Annual Capacity			Actual Production for Sale
	Unit	Licensed *	Installed **	
Printing Inks	Tonnes	N.A.	60,288 (57,720)	38,371 (32,286)
Synthetic Resins (+)	Tonnes	N.A.	— (—)	— (—)
Press Room Chemicals	Tonnes	N.A.	360 (360)	69 (104)
Rubber Blankets	Sq. Yards	N.A.	— (—)	11,736 (12,307)

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

** As certified by the Management.

(+) During the year, production of 2,632 tonnes (2009 - 1670 tonnes) for own consumption.

Figures within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

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

Class of Goods	Opening Stock		Closing Stock		Sales	
	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Printing Inks (M.T.)	1,325 (1,348)	166,288,824 (195,175,202)	1,832 (1,325)	252,690,101 (166,288,824)	37,864 (32,309)	5,411,384,433 (4,451,118,701)
Synthetic Resins* (M.T.)	145 (238)	12,831,819 (25,081,995)	230 (145)	32,168,614 (12,831,819)	— (—)	— (—)
Press Room Chemicals (M.T.)	21 (16)	1,654,263 (1,360,527)	6 (21)	382,279 (1,654,263)	84 (99)	11,547,439 (13,191,503)
Rubber Blankets (Sq.Yd.)	715 (1,460)	1,816,355 (4,356,312)	291 (715)	722,759 (1,816,355)	12,160 (13,052)	46,892,028 (51,014,305)
Lamination Adhesive** (M.T.)	134 (85)	13,542,544 (9,011,257)	135 (134)	16,026,970 (13,542,544)	1,997 (1,987)	264,680,605 (246,635,962)
Total		196,133,805 (234,985,293)		301,990,723 (196,133,805)		5,734,504,505 (4,761,960,471)

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

** The entire processing of Lamination Adhesive is done on behalf of the Company by 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.

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

Class of Goods	Unit	Opening Stock		Purchases		Sales		Closing Stock	
		Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)	Qty.	Value (Rs.)
Press Aids	Ltrs.	84,659 (138,478)	6,931,842 (13,811,541)	933,216 (616,549)	79,083,204 (48,363,776)	916,254 (670,368)	102,840,668 (81,022,797)	101,621 (84,659)	9,671,412 (6,931,842)
Printing Inks	Kgs.	19,234 (118,177)	8,378,470 (33,043,669)	539,106 (198,653)	117,252,627 (64,891,522)	521,005 (297,597)	128,123,793 (103,542,392)	37,335 (19,233)	12,046,415 (8,378,469)
Chemicals	Kgs.	10,599 (—)	14,523,197 (—)	84,335 (14,924)	66,600,616 (18,539,566)	64,967 (4,325)	70,612,249 (4,950,159)	29,967 (10,599)	16,919,849 (14,523,197)
Machine	Nos.	— (—)	— (—)	6 (2)	2,437,625 (616,875)	5 (2)	1,965,000 (623,800)	1 (—)	613,125 (—)
Others	M.T.	— (—)	— (—)	64,400 (62,883)	8,916,409 (7,738,200)	64,400 (62,883)	10,129,917 (9,484,072)	— (—)	— (—)
Total			29,833,509 (46,855,210)		274,290,481 (140,149,939)		313,671,627 (199,623,220)		39,250,801 (29,833,508)

Figures within brackets relate to previous year.

Schedules to the Accounts

Schedule 17 (contd.)

15. Directors' Remuneration

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

	<u>2010 (Rs.)</u>	<u>2009 (Rs.)</u>
Salary	3,314,500	3,780,000
Commission	750,000	683,000
Management Allowance	3,012,000	3,390,000
Leave Encashment	248,718	292,299
Contribution to Provident and other funds	2,460,366	1,468,123
Performance Bonus	2,844,150	3,156,300
Estimated Value of Perquisites	4,449,403	4,324,500
Sitting Fees	448,000	426,000
	<u>17,527,137</u>	<u>17,520,222</u>

(ii) Computation of Net Profit and Directors' Commission

Profit as per Profit & Loss Account (before Tax and Extraordinary Item)	372,821,158	319,546,948
Add: Amount paid under Voluntary Retirement Scheme	516,000	—
Add: Provision for Wealth Tax	183,363	—
Add: Depreciation as per books	81,341,593	76,857,029
Add: Provision for Bad and Doubtful Debts	1,292,259	9,400,000
	<u>456,154,373</u>	<u>405,803,977</u>
Less: Depreciation under Section 350 of the Companies Act, 1956	75,459,861	74,719,993
	<u>380,694,512</u>	<u>331,083,984</u>
Less: Profit/(Loss) on disposal of Fixed Assets as per books	373,762	321,366
	<u>380,320,750</u>	<u>330,762,618</u>
Add: Profit/(Loss) on disposal of Fixed Assets under Section 350 of the Companies Act, 1956	40,915	332,087
	<u>380,361,665</u>	<u>331,094,705</u>
Add: Directors' Remuneration	17,527,137	17,520,222
Profit for computation of Directors' Remuneration	<u>397,888,802</u>	<u>348,614,927</u>
Commission thereon:		
@ 1% to Resident Indian Non-Wholetime Directors	3,978,888	3,486,149
Restricted to a maximum amount payable to Resident Indian Non-Wholetime Directors	750,000	683,000

Schedules to the Accounts

Schedule 17 (contd.)

16. Consumption of Stores and Spares	2010 (Rs.)	2009 (Rs.)
Total consumption of stores and spare parts Rs.68,203,290 (2009 - Rs.54,839,003) includes for:		
(i) Repairs to Plant & Machinery	12,750,971	7,516,488
(ii) Miscellaneous Expenses	14,408,489	20,049,349
(iii) Power & Fuel	41,043,830	27,273,166
	68,203,290	54,839,003
17. Aggregate amount paid/payable to Auditors		
Audit Fees	1,100,000	800,000
Other Matters	1,160,000	1,254,815
Out of Pocket Expenses	50,000	60,000
Tax Audit	350,000	250,000
	2,660,000	2,364,815
18. Interest on Fixed Period Loans		
Interest includes Interest on Fixed Period Loans	8,579,454	23,593,687
19. CIF Value of Imports		
Raw Materials	1,290,368,846	931,271,815
Spares Parts	12,980,821	13,941,068
Capital Goods	43,506,447	4,357,274
Goods traded in	200,282,785	108,951,343
20. Expenditure in Foreign Currency (on remittance basis)		
Royalty (Net of Tax)	59,508,105	104,883,228
Others (includes Bank Charges, Commission and Travelling)	12,328,381	10,488,476

Schedules to the Accounts

Schedule 17 (contd.)

21. Details Relating to Consumption

	2010		2009	
	Value (Rs.)	% of Total Consumption	Value (Rs.)	% of Total Consumption
(i) Raw Material				
Imported (at landed cost)	1,359,170,163	37.18	998,650,725	34.22
Indigenous	2,296,446,761	62.82	1,920,069,812	65.78
Total	3,655,616,924	100.00	2,918,720,537	100.00
(ii) Stores & Spare Parts				
Imported (at landed cost)	7,189,969	10.54	3,106,448	5.66
Indigenous	61,013,321	89.46	51,732,555	94.34
Total	68,203,290	100.00	54,839,003	100.00

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

	2010 (Rs.)	2009 (Rs.)
Amount Remitted - (INR)	26,344,308	23,051,270
USD Value 576,185.91		
Year to which dividend relates	31.12.2009	31.12.2008
Number of Non-Resident Shareholders	One	One
Number of Shares held by Non-Resident Shareholder(s) to which the dividends are related	6,586,077	6,586,077

23. Earnings in Foreign Exchange during the year

	2010 (Rs.)	2009 (Rs.)
Export of goods on FOB basis	243,516,660	208,734,514
Commission	2,001,260	2,383,330

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

	2010 (Rs.)	2009 (Rs.)	2008 (Rs.)	2007 (Rs.)
Revenue Expenditure includes on account of Research & Development	14,809,926	17,448,641	17,032,450	15,177,735
Capital Expenditure includes on account of Research & Development	96,000	—	1,337,934	988,497

Schedules to the Accounts

Schedule 17 (contd.)

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

(i) Names of Related Parties

(a) **Holding Company**

DIC Asia Pacific Pte Ltd., Singapore

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

DIC Corporation, Japan

(c) **Subsidiary**

DIC Coatings India Limited, till 31st May, 2010

(d) **Fellow Subsidiaries**

Aekyung Chemical Co., Ltd.	DIC Capital Corp.
Allmake Rollers Ltd.	DIC International (USA), LLC
Bridgestone REI Komposit Sdn. Bhd.	DIC Investments Japan, LLC.
Camus Water Technologies LLC	DIC Kako Inc.
Changzhou Huari New Material Co., Ltd.	DIC Kitanihon Polymer Co. Ltd.
Coates Brothers (Caribbean) Ltd.	DIC Korea Corp.
Coates Brothers (East Africa) Ltd.	DIC Kyushu Polymer Co. Ltd.
Coates Brothers (South Africa) Limited.	DIC Lanka (Private) Ltd.
Coates Brothers (West Africa) Ltd.	DIC Logitech China Co. Ltd.
Coates Brothers (Zambia) Ltd. (formerly:Coates Zambia Ltd.	DIC Machinery & Printer's Supplies, Inc.
Coates Brothers (Zimbabwe) Private Ltd.	DIC Molding, Inc.
Coates Screen Inks GmbH.	DIC New Zealand Ltd
Coates Thailand Ltd.	DIC Pakistan Ltd.
ColorVision GmbH	DIC Performance Resins GmbH
Dai Nippon Eco Engineering Co. Ltd.	DIC Philippines, Inc.
DC Katsuya	DIC Plastics, Inc.
Deqing DIC Synthetic Resins, Ltd.	DIC RESINS (Thailand) Co. Ltd.
DH Material Inc.	DIC Synthetic Resins (Zhongshan) Co. Ltd.
DIC (Guangzhou) Co. Ltd.	DIC Trading (HK) Ltd.
DIC (MALAYSIA) Sdn. Bhd.	DIC Zhangjiagang Chemicals Co. Ltd.
DIC (Nantong) Metallic Pigment Co. Ltd.	DIC(China) Co. Ltd.
DIC (Shanghai) Co. Ltd.	Earthrise Holdings Inc.
DIC (Taiwan) Ltd.	Earthrise Nutritionals LLC
DIC Alkylphenol Singapore Pte. Ltd.	ECG Holdings Ltd.
DIC Americas LLC.	Fuji Label Co., Ltd.
DIC Australia Pty Ltd	Gibbon Finecal Ltd.
DIC Bayer Polymer Ltd.	Glenside Properties Limited
DIC Berlin GmbH R & D Laboratory	Hainan DIC Microalgae Co. Ltd.
	Hamamatsu DIC

Schedules to the Accounts

Schedule 17 (contd.)

Hartman d.o.o.	DIC Coatings, S.L.
Hartmann Druckfarben GmbH	DIC Color (Thailand) Co. Ltd.
Hartmann-Sun Chemical EOOD	DIC Color Coatings, Inc.
IMS Concepts, S.A./N.V.	DIC Color Design, Inc.
Inmobiliaria Sunchem, S.A. de C.V.	DIC Colorants Inc.
Japan Fine Coatings, Inc.	DIC Colorants Taiwan Co. Ltd.
Japan Formalin Company, Inc.	DIC Comfort Materials, Inc.
Kangnam Chemical Co. Ltd.	DIC Compounds (Malaysia) Sdn. Bhd.
Kyodo Printing Co. (S'pore) Pte., Ltd.	DIC Engineering Corporation
Lianyungang DIC Color Co. Ltd.	DIC EP Corporation
Lidye Chemical Co. Ltd.	DIC Epoxy (Malaysia) Sdn.Bhd.
Lorilleux Maroc S.A.	DIC Estate Co. Ltd.
Mizushima Kasozai, Inc.	DIC Europe GmbH
Mondis Manufacturers Insurance Company N.V.	DIC Express Co. Ltd.
Nantong DIC Color Co. Ltd.	DIC Filtec, Inc.
New England Manufacturers Insurance Corp.	DIC Fine Chemicals Private Limited
Nihon Packaging Material Co. Ltd.	DIC Graphics (Guangzhou) Ltd.
Nippon Decor, Inc.	DIC Graphics (Hong Kong) Ltd.
Nippon Epoxy Resin Manufacturing Co. Ltd.	DIC Graphics (Shenzhen) Ltd.
Nippon Plastic Pallet Corporation	DIC Graphics (Thailand) Co. Ltd.
Nishinohon Butylphenol, Inc.	DIC Graphics Chia Lung Corp.
Oxirane Chemical Corp.	DIC Graphics Corporation
P.T. DIC Astra Chemicals	DIC Graphics Taiyuan Co., Ltd.
P.T. Pardic Jaya Chemicals	DIC Holdings Austria GmbH
Parker Williams Design Ltd.	DIC Holdings B.V.
PT. DIC Graphics	DIC Imaging Products U.S.A. LLC
Qingdao DIC Finechemicals Co. Ltd.	DIC India Ltd.
Qingdao DIC Liquid Crystal Co. Ltd.	DIC Information Service Inc.
Renaissance, Inc.	DIC Interior Co. Ltd.
Rycoline Products, LLC	Shanghai Showa Highpolymer Co. Ltd.
Samling Housing Products Sdn. Bhd.	Shenzhen DIC Chemicals Co. Ltd.
SC Funding LLC	Shenzhen-DIC Co. Ltd.
SC(Puerto Rico) Ink	Siam Algae Co. Ltd.
Seiko PMC (Shanghai) Commerce & Trading Corp.	Siam Chemical Industry Co. Ltd.
Seiko PMC (Zhangjiagang) Corp.	Sinclair del Centro America S.A.
Seiko PMC Corp.	Sinclair S.A.
Shanghai DIC Ink Co. Ltd.	Sun Branding Solutions Ltd.
Shanghai DIC Pressure-sensitive Adhesive Materials Co. Ltd.	Sun Chemical (Chile) S.A.
Shanghai Long Feng Food Additives Co. Ltd.	Sun Chemical (Colores) S.A. de C.V.
	Sun Chemical A/S
	Sun Chemical A/S (formerly:Coates Lorilleux

Schedules to the Accounts

Schedule 17 (contd.)

A/S)	Lorilleux S.A.)
Sun Chemical AB	Sun Chemical Portugal-Tintas Graficas Ltd.
Sun Chemical AG	Sun Chemical Printing Ink d.o.o.
Sun Chemical AG (S.A., Ltd.)	Sun Chemical S.A.
Sun Chemical B.V.	Sun Chemical S.A. de C.V.
Sun Chemical Central Europe Beteiligungs GmbH	Sun Chemical S.A.S
Sun Chemical Central Europe Holding & Co KG	Sun Chemical s.r.l.
Sun Chemical Corp.	Sun Chemical Sp (z.o.o) (formerly:Sun Chemical Sp (z.o.o) Ltd.
Sun Chemical d.o.o.	Sun Chemical Turkey
Sun Chemical de Centro America, S.A. de C.V.	Sun Chemical Ukraine Limited
Sun Chemical de Panama, S.A.	Sun Chemical ZAO
Sun Chemical do Brasil Ltda.	Sun Chemical, d.o.o.e.l.
Sun Chemical for Graphic Arts S.A.E	Sun Chemical, S.r.o.
Sun Chemical Group Coöperatief U.A.	Sun Chemical, S.r.o.
Sun Chemical Group S.p.A.	SUNDIC, Incorporated
Sun Chemical Holding B.V.	Suzhou Lintong Chemical Science Corp.
Sun Chemical Holding GmbH	Techno Science, Inc.
Sun Chemical Ink Ireland	TFE Company Ltd.
Sun Chemical Inks A/S	Tien Lee Hong Co. Ltd.
Sun Chemical Inks S.A.	Tintas S.A.
Sun Chemical Investments LLC	TOA-DIC Zhangjiagang Chemicals Co. Ltd.
Sun Chemical Lasfelde GmbH	TOPIC.Co. Ltd.
Sun Chemical Ltd.	Tsuruga Terminals Co.
Sun Chemical Ltd.	Weesp Finance C.V.
Sun Chemical Management, LLC	Weesp Unlimited
Sun Chemical N.V./S.A.	YD Plastics Co. Ltd.
Sun Chemical Osterode Druckfarben GmbH	Zhaoqing DIC Gum Rosins, Ltd.
Sun Chemical Oy	Zhongshan DIC Color Co. Ltd.
Sun Chemical Pigments S.L.(formerly:Coates	

(e) Key Management Personnel

(i) Dr P K Dutt	-	Chairman & Chief Executive Officer
(ii) Mr A D Chatterjee	-	Wholetime Director (till 20th April, 2010)
(iii) Mr S Bhaumik	-	Wholetime Director

Schedules to the Accounts

Schedule 17 (contd.)

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

Nature of Transactions	Ultimate Holding Company	Holding Company	Subsidiary	Fellow Subsidiaries	Key Management Personnel	Total
Purchase of Goods/Fixed Assets	58,144,752 (62,935,063)	40,705,630 (22,133,564)	2,329,825 (6,131,555)	282,942,155 * (168,052,318)	— (—)	384,122,362 (259,252,500)
Sale of Goods/Fixed Assets	— (15,245)	66,537 (—)	978,698 (439,314)	45,293,109 @ (54,338,644)	— (—)	46,338,344 (54,793,203)
Rendering of Services	1,443,278 (1,806,968)	— (—)	2,250,000 (7,422,823)	3,057,983 # (2,555,529)	— (—)	6,751,261 (11,785,320)
Royalty Paid/Payable	695,990 (815,180)	69,662,518 (60,402,196)	— (—)	— (—)	— (—)	70,358,508 (61,217,376)
Dividend Paid/Payable	— (—)	26,344,308 (23,051,270)	— (—)	— (—)	— (1,165)	26,344,308 (23,052,435)
Dividend Received/Receivable	— (—)	— (—)	50,539,791 (50,539,791)	— (—)	— (—)	50,539,791 (50,539,791)
Remuneration Paid/Payable	— (—)	— (—)	— (—)	— (—)	16,329,137 (17,094,222)	16,329,137 (17,094,222)
Expenses incurred by the Company on behalf of the Group/Subsidiary	— (—)	— (—)	1,033,207 (5,124,621)	2,999,439 (37,641)	— (—)	4,032,646 (5,162,262)
Expenses incurred by the Group/Subsidiary on behalf of the Company	— (—)	— (—)	77,175 (238,185)	17,461,194 (—)	— (—)	17,538,369 (238,185)
Interest Charges	— (—)	— (2,697,958)	— (459,795)	— (—)	— (—)	— (3,157,753)
Processing Charges	— (—)	— (—)	5,435,092 (14,559,536)	— (—)	— (—)	5,435,092 (14,559,536)
Outstanding on Account of:						
Purchase of Goods	6,339,365 (8,373,980)	17,498,880 (—)	— (—)	76,429,620 (48,290,553)	— (—)	100,267,865 (56,664,533)
Sale of Goods	— (—)	— (—)	— (—)	13,561,530 (12,460,424)	— (—)	13,561,530 (12,460,424)
Royalty	670,000 (734,908)	32,816,127 (28,976,256)	— (—)	— (—)	— (—)	33,486,127 (29,711,164)
Rendering of Services	— (—)	— (—)	— (—)	2,922,488 (2,555,529)	— (—)	2,922,488 (2,555,529)
Recovery of Expenses	618,667 (1,382,913)	— (—)	— (—)	— (—)	— (—)	618,667 (1,382,913)
Loans/Advances granted	— (—)	— (—)	— (—)	2,723,687 (2,341,440)	350,600 (—)	3,074,287 (2,341,440)
Payable (Net of Advances)	— (—)	— (—)	— (2,859,174)	17,461,194 (—)	2,844,150 (2,660,804)	20,305,344 (5,519,978)

Figures within brackets relate to previous year.

* Purchase from Fellow Subsidiary includes purchase from Hartmann Drukfarben GmbH - Rs.56,091,240 and from Nantong DIC Color Ltd. - Rs.89,245,815.

@ Sales to Fellow Subsidiary includes sales to DIC Australia Pty Ltd. - Rs.20,229,972; DIC Lanka (Pvt) Ltd. - Rs.8,851,080 and to DIC Pakistan Ltd. - Rs.13,406,723.

Rendering services to Fellow subsidiary includes services rendered to DIC Fine Chemicals Pvt. Ltd. - Rs.2,500,000.

26. Segmental Reporting

Information about Primary Business Segments

(Figures in Rupees)

	Printing Ink		Adhesive		Total	
	2010	2009	2010	2009	2010	2009
REVENUE						
External Sales	5,290,841,011	4,362,265,435	242,768,671	230,253,806	5,533,609,682	4,592,519,241
Total Revenue	5,290,841,011	4,362,265,435	242,768,671	230,253,806	5,533,609,682	4,592,519,241
RESULTS						
Segment/Operating Results	355,111,999	294,606,289	32,338,491	43,877,537	387,450,490	338,483,826
Unallocable Expenses	—	—	—	—	(42,509,017)	(21,860,520)
Unallocable Income	—	—	—	—	51,127,302	50,893,347
Interest Expenses	—	—	—	—	(23,247,617)	(47,991,056)
Provision for Tax [including Deferred Tax]	—	—	—	—	(141,104,085)	(96,584,605)
Extraordinary Item (Net off Expenses)	—	—	—	—	275,687,698	—
Net Profit	355,111,999	294,606,289	32,338,491	43,877,537	507,404,771	222,940,992
OTHER INFORMATION						
Segment Assets	3,209,656,408	2,873,334,340	140,855,879	97,800,300	3,350,512,287	2,971,134,640
Un-allocable Assets	—	—	—	—	274,286,214	251,117,454
Total Assets	3,209,656,408	2,873,334,340	140,855,879	97,800,300	3,624,798,501	3,222,252,094
Segment Liabilities	902,372,428	673,261,332	8,437,510	10,516,820	910,809,938	683,778,152
Un-allocable Liabilities and Provisions	—	—	—	—	2,713,988,563	2,538,473,942
Total Liabilities	902,372,428	673,261,332	8,437,510	10,516,820	3,624,798,501	3,222,252,094
Depreciation & Amortisation	84,154,626	82,319,228	1,814,048	—	85,968,674	82,319,228
Total Depreciation & Amortisation	84,154,626	82,319,228	1,814,048	—	85,968,674	82,319,228
Capital Expenditure including CWIP	74,633,068	94,967,934	29,774,871	—	104,407,939	94,967,934
Non-cash Expenditure other than Depreciation	45,512,503	31,277,905	34,905	1,009,525	45,547,408	32,287,430

Note:

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

27. 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. Contributions to Superannuation Schemes are applicable for certain categories of employees and the contribution by the Company is invested with Insurance Companies.

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

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

The Company has discontinued the Defined Pension Benefit Scheme with effect from 1st May, 2009 and all the employees who were erstwhile members of the Defined Pension Benefit Scheme have been brought under the Defined Contribution Scheme for benefit provisions under the Pension Plan. The present value of benefit obligation on 31st December, 2010 is calculated by discounting the present value of crystalized pension as at 30th April, 2009.

Schedules to the Accounts

Schedule 17 (contd.)

Amounts recognized in the Balance Sheet are as follows:

(Rs. in Lakhs)

	Year	Pension (Funded)	Gratuity (Funded)	Retirement Benefit (Unfunded)
Present Value of Defined Benefit Obligation	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	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	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	2010	—	—	—
	2009	—	—	—
	2008	—	—	—
	2007	—	—	5.03
Net Asset/(Liability)	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	2010	78.98	27.09	—
	2009	—	—	—
	2008	—	—	—
	2007	—	—	—
Experience Adjustments of Obligations, (Gain)/ Loss during the year	2010	(50.57)	270.57	—
	2009	—	—	—
	2008	—	—	—
	2007	—	—	—

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

(Rs. in lakhs)

	Year	Pension	Gratuity	Retirement Benefit
Current Service Cost	2010	—	32.29	1.94
	2009	—	32.79	1.41
Interest Cost	2010	65.09	39.94	4.73
	2009	57.59	30.81	2.94
Expected Return on Plan Assets	2010	(79.39)	(44.21)	—
	2009	(72.37)	(32.55)	—
Actuarial Loss/(Gain)	2010	(127.81)	73.48	0.39
	2009	36.81	48.49	(1.37)
Curtailment Cost	2010	—	—	—
	2009	—	—	—
Past Service Cost	2010	—	201.22	—
	2009	—	—	20.62
Total	2010	(142.11)	302.72	7.06
	2009	22.03	79.54	23.60

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	2010	833.12	515.67	61.87
	2009	868.83	453.39	43.52
Current Service Cost	2010	—	32.29	1.94
	2009	—	32.79	1.41
Interest Cost	2010	65.09	39.94	4.73
	2009	57.59	30.81	2.94
Actuarial Loss/(Gain)	2010	(48.83)	100.57	0.39
	2009	44.62	49.57	(1.37)
Curtailment Cost	2010	—	—	—
	2009	—	—	—
Plan Amendments	2010	—	201.22	—
	2009	—	—	20.62
Benefit Paid	2010	(97.88)	(68.99)	(9.75)
	2009	(137.92)	(50.89)	(5.25)
Closing Defined Benefit Obligation	2010	751.50	820.70	59.18
	2009	833.12	515.67	61.87

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	2010	1,016.29	478.95	—
	2009	1,074.03	458.98	—
Expected Return on Plan Assets	2010	79.39	44.21	—
	2009	72.37	32.55	—
Actuarial Gain/(Loss)	2010	78.98	27.09	—
	2009	7.81	1.08	—
Contribution by Employer	2010	(21.80)	176.45	9.75
	2009	—	37.23	5.25
Benefit Paid	2010	(97.88)	(68.99)	(9.75)
	2009	(137.92)	(50.89)	(5.25)
Closing Fair Value of Plan Assets	2010	1,054.98	657.71	—
	2009	1,016.29	478.95	—

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

	Year	Pension	Gratuity
Government of India Securities	2010	42%	45%
	2009	31%	25%
PSU Bonds/State Securities	2010	25%	12%
	2009	33%	22%
Insurance Managed Funds	2010	33%	43%
	2009	36%	53%
Total	2010	100%	100%
	2009	100%	100%

Schedules to the Accounts

Schedule 17 (contd.)

Principal Actuarial assumptions used:

		2010	2009
Discount Rates		8.25%	8.30%
Expected Rate of Return on Plan Assets		8.30%	7.20%
Expected Salary Increase Rates	For Management Staff	7% and NIL for pension	8% and NIL for pension
	For Unionised Staff	4% and NIL for pension	8% 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 of Rs.30,272,000 (2009 – Rs.7,954,000) and contribution to Defined Benefit Pension Plan Rs.14,211,000 (Credit) (2009 – Rs.2,203,000).

Contribution to Provident and other Funds in Schedule 16 includes Contribution to Defined Contribution Plans like Provident and Superannuation Fund amounting to Rs.35,960,096 (2009 – Rs.28,974,073).

28. Earnings per share

Particulars		2010 Rs.	2009 Rs.
Profit before Taxation and before Extraordinary Item	(A)	372,821,158	319,525,597
Extraordinary Item (Net off Expenses)	(B)	275,687,698	N.A.
Tax for the year except on Extraordinary Item	(C)	107,391,052	96,584,605
Tax on Extraordinary Item	(D)	33,713,033	N.A.
Profit and Loss after Tax	(E)=A+B-C-D	507,404,771	222,940,992
Number of Share	(F)	9,178,977	9,178,977
Nominal Value of Share (Rs.)		10.00	10.00
Earnings per Share before Extraordinary Item	(A-C)/(F)	28.92	24.29
Earnings per Share after Extraordinary Item	(A+B-C-D)/(F)	55.28	N.A.

29. Previous year's 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 losses on sale of Fixed Assets are included in the Profit & Loss Account and calculated as the difference between the value realized and the book value.

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

- (i) On Plant and Machinery and Computers added during the period 1st November, 1977 to 31st October, 1987 on Straight Line Method, on the basis of specified period (within the meaning of Section 205(2)(b) of the Act) determined in the year of acquisition, at rates prescribed under the Income Tax Act, 1961 and Rules framed thereunder, as was in force during the relevant financial year.
- (ii) On Plant and Machinery added from 1st November, 1987, on Straight Line Method at rates specified in Schedule XIV to the Act as existing at the time of 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 and 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 instalments over its useful life of four years.

ASSETS ACQUIRED UNDER LEASE

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

Schedules to the Accounts

Schedule 18 (contd.)

INVENTORIES

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

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

In respect of Intermediates cost includes attributable production overheads.

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

INVESTMENTS

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

RETIREMENT/TERMINAL BENEFITS

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

Schedules to the Accounts

Schedule 18 (contd.)

SALES

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

TRANSACTIONS IN FOREIGN CURRENCIES

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

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

BORROWING COSTS

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

ACCOUNTING FOR INCOME TAX

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

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

Signatures to Schedules 1 to 18

On behalf of the Board

DR P K DUTT

Chairman

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary.

Kolkata, 9th February, 2011

For **LOVELOCK & LEWES**

Firm Registration Number - 301056E

Chartered Accountants

PRABAL KR SARKAR

Partner

Membership No.52340

Kolkata, 9th February, 2011

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, 2010**

(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	772,229
Share Application	Nil	Investments	1
Reserves & Surplus	2,345,471	Net Current Assets	1,848,650
Secured Loan	114,796	Miscellaneous Expenditure	Nil
Unsecured Loan	Nil	Accumulated Losses	Nil
Net Deferred Tax	68,823		

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

Turnover	6,048,176
Total Expenditure	5,279,859
Profit/Loss before Tax	648,509*
Profit/Loss after Tax	507,405
Earnings per Share	
- Basic & Diluted on Profit before	
Extraordinary Item (Rs.)	28.92
- Basic & Diluted on Profit after	
Extraordinary Item (Rs.)	55.28
Dividend Rate	50%

* Includes Extraordinary Income of Rs.275,687,698 (Net of expenses)

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

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

Cash Flow Statement

For the year ended 31st December, 2010

(Rs. in Million)

	Year Ended 31st December 2010	Year Ended 31st December 2009
A) Cash Flow from Operating Activities		
Net Profit before Interest, Tax and Extraordinary Items	396.06	367.51
Adjustments for :		
Add: Depreciation & Amortisation	85.97	82.32
Fixed Assets write off	1.41	0.05
Bad Debt written off	42.66	22.89
Provision for Bad & Doubtful Debts	1.29	9.40
Employees Benefit Scheme	16.10	5.79
Provision for Wealth Tax	0.18	0.33
Less : Profit on sale of assets	(0.37)	(0.32)
Interest Income	(0.59)	(0.35)
Dividend Income	(50.54)	(50.54)
Unrealised Gain (-) on Foreign Currency	(2.94)	(0.77)
Liability no longer required written back	(0.14)	—
Provision for Doubtful Debts written back	(9.40)	(15.25)
Operating Profit before Working Capital Changes	479.69	421.06
Decrease/(Increase) in Trade and Other Receivables	(312.24)	20.67
Decrease/(Increase) in Inventories	(262.06)	55.31
Increase/(Decrease) in Trade Payables & Other Liabilities	208.07	(132.99)
Cash Generated from Operations	113.46	364.05
Less : Payment of Direct Taxes	(110.06)	(90.53)
Less : Payment of Wealth Taxes	(0.20)	(0.22)
Net Cash from Operating Activities	3.20	273.30
B) Cash Flow from Investing Activities		
Purchase of Fixed Assets	(136.02)	(94.97)
Sale of Fixed Assets	3.33	1.23
Interest Received	0.65	0.31
Proceeds from Sale of Subsidiary	400.68	—
Tax on above	(25.28)	—
Dividend Received	50.54	50.54
Net Cash Flow from Investing Activities	293.90	(42.89)

Cash Flow Statement (Contd.)

(Rs. in Million)

	Year Ended 31st December 2010	Year Ended 31st December 2009
C) Cash Flow from Financing Activities		
Net Increase / (Decrease) in Bank Borrowings	(51.95)	78.02
Issue of Commercial Paper Loan	—	400.00
Repayment of Commercial Papers	—	(500.00)
Acceptance of Short Term Loan from Bank	4,087.50	2,357.00
Repayment of Short Term Loan from Bank	(4,347.50)	(2,357.00)
Acceptance of Short Term Loan from Others	—	4,260.00
Repayment of Short Term Loan from Others	—	(4,250.00)
Acceptance of Short Term Loan from Subsidiary	—	30.00
Repayment of Short Term Loan from Subsidiary	—	(40.00)
Repayment of External Commercial Borrowings	—	(45.87)
Interest & Discount on Issue of Commercial Paper	(16.93)	(47.39)
Dividends Paid including Dividend Tax	(42.81)	(37.59)
Net Cash Flow from Financing Activities	(371.69)	(152.83)
Net increase in Cash and Cash Equivalents (A + B + C)	(74.59)	77.58
Cash and Cash Equivalents (Opening Balance)	251.03	173.45
Cash and Cash Equivalents (Closing Balance)	176.44	251.03

Notes to the Cash Flow Statements:

1. Cash & Cash Equivalents represent:

(a) Cash in Hand	0.81	0.61
(b) Cheques in Hand	143.70	151.34
(c) Remittance in Transit	0.23	—
(d) Balance with Banks	31.70	99.08
	176.44	251.03

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

On behalf of the Board

DR P K DUTT

Chairman & Chief Executive Officer

B CHOUDHURI

Director

T B CHATTERJEE

Senior Executive Vice President

(Corporate Affairs and Legal) & Company Secretary

Kolkata, 9th February, 2011

For **LOVELOCK & LEWES**

Firm Registration Number - 301056E

Chartered Accountants

PRABAL KR SARKAR

Partner

Membership No.52340

Kolkata, 9th February, 2011

NOTES



Notice

NOTICE is hereby given that the Sixty Third 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 Thursday, 28th April, 2011 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Profit & Loss Account for the financial year ended 31st December, 2010, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Subir Bose, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr Purushottam Lal Agarwal, who retires by rotation and is eligible for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr Kazuo Kudo, who had been appointed as an Additional Director of the Company with effect from 2nd June, 2010 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 63rd 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 Kazuo Kudo as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, the earlier terms of appointment of Dr P K Dutt be and is hereby rescinded and approval be and is hereby accorded to the re-appointment and payment of remuneration to Dr P K Dutt as Chairman of the Company, for a period of 15 months with effect from 1st January, 2011 to 31st March, 2012 on fresh terms and conditions as set out in the Explanatory Statement attached to and forming part of this notice [with liberty to the Board of Directors to vary or alter the terms and conditions in such manner as may be agreed between the Board of Directors and Dr Dutt].
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, the earlier terms of appointment of Mr Samir Bhaumik be and is hereby rescinded and consent be and is hereby accorded to the appointment and payment of remuneration to Mr Samir Bhaumik as Managing Director of the Company, for a period of 3 years commencing from

1st January, 2011 till 31st December, 2013 on the fresh terms and conditions as set out in the Explanatory Statement attached to and forming part of this Notice and which shall also form part of the minutes of the meeting [with liberty to the Board of Directors to vary or alter the terms and conditions in such manner as may be agreed between the Board of Directors and Mr Bhaumik].

The Register of Members of the Company will remain closed from 19th April, 2011 to 28th April, 2011, both days inclusive.

By Order of the Board

Registered Office:
Transport Depot Road
Kolkata 700 088
Dated: 9th February, 2011

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 18th April, 2011 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, 2003 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, 2003 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 - 700019. 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 and 4):

Mr Subir Bose

Mr Subir Bose, aged 61 years was born on 10th December, 1949. Mr Bose holds a B.Tech in Chemical Engineering from IIT (Kanpur) and PGDBA from IIM, Ahmedabad. Mr Bose has over 35 years of experience in the paints industry and is currently the Managing Director of Berger Paints India Limited besides holding Directorship of several of its group companies.

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

Mr Purushottam Lal Agarwal

Mr P L Agarwal, aged 69 years was born on 2nd April, 1942 and holds a B.Com and LLb degree. Mr Agarwal is an Attorney-at-Law and an Advocate and has over 45 years of experience in the field of commercial, corporate, real estate and intellectual law. Besides being a Senior Partner of Khaitan & Co., a leading Solicitors and Advocate Firm in India, he also holds Directorship in several other companies.

Mr P L Agarwal was inducted on the Board with effect from 30th October, 2008. He is the Chairman of the Shareholders'/Investors' Grievance Committee of the Company. 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, 2010 by Mr Subir Bose and Mr Purushottam Lal Agarwal are as given below:

Director	Name of Company	Board Position held	Committees of Board	Committee Position held
S Bose	Berger Paints India Limited	Managing Director	Investor Grievance Committee	Member
			Share Transfer Committee	Chairman
	Beepee Coatings Limited	Chairman	Nil	Nil
	Berger Paints (Bangladesh) Limited	Director	Nil	Nil
	Berger Jenson & Nicholson Nepal (P) Limited	Director	Nil	Nil
	Berger Paints (Cyprus) Limited	Director	Nil	Nil
	BNB Coatings India Limited	Director	Nil	Nil
	Lusako Trading Limited, Cyprus	Alternate Director	Nil	Nil
Bolix S.A., Poland	Director	Nil	Nil	
P L Agarwal	Albert David Limited	Director	Remuneration Committee	Member
			Share Transfer/ Shareholders' Investor Grievance Committee	Member
	Agre Developers Limited	Director	Audit Committee	Chairman
			Shareholders' Investor Grievance Committee	Member
	Cookson India Private Limited	Director	Nil	Nil
	Dharampal Premchand Limited	Director	Nil	Nil
	Dhunseri Investments Limited	Director	Shareholders' Investor Grievance Committee	Member
	Karamchand Thapar & Bros. (Coal Sales) Limited	Director	Nil	Nil
Rossell Tea Limited	Director	Remuneration Committee	Member	

	The Oodlabari Company Limited	Director	Remuneration Committee	Member
	Hiland Projects Limited	Director	Nil	Nil

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

Item No.6

Mr Kazuo Kudo

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

Mr Kudo was inducted on the Board with effect from 2nd June, 2010 and is also a member of the Remuneration Committee. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorships and Committee Memberships held by Mr Kudo as on 31st December, 2010:

Director	Name of Company	Board Position held	Committees of Board	Committee Position held
K Kudo	DIC Asia Pacific Pte. Ltd.	Managing Director	Nil	Nil
	DIC (Malaysia) Sdn. Bhd.	Director	Nil	Nil
	DIC Graphics (Thailand) Co. Ltd.	Director	Nil	Nil
	DIC International (Thailand) Co. Ltd.	Director	Nil	Nil
	PT DIC Graphics	Director	Nil	Nil
	DIC (Philippines) Inc.	Director	Nil	Nil
	DIC Australia Pty Ltd.	Director	Nil	Nil
	DIC New Zealand Pty 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 (P) Ltd.	Director	Nil	Nil
	DIC Trading (Hong Kong) Ltd.	Director	Nil	Nil
	DIC International Chemicals (S) Pte. Ltd.	Director	Nil	Nil
	Kyodo Printing Co. (Singapore) Pte. Ltd.	Director	Nil	Nil
	PT Pardic Jaya Chemicals	Director	Nil	Nil
	DIC Compounds (M) Sdn. Bhd.	Director	Nil	Nil
	DIC Alkylphenol Singapore Pte. Ltd.	Director	Nil	Nil
	Siam Chemical Industry Co. Ltd.	Director	Nil	Nil
	DIC Color (Thailand) Co. Ltd.	Director	Nil	Nil
PT DIC Astra Chemicals	Director	Nil	Nil	

No other Director other than Mr Kazuo Kudo is interested or concerned in the Resolution.

Item No.7**Dr Prabir Kumar Dutt**

Dr P K Dutt, B.Sc, M.Tech (Chemical Engineering and Chemical Technology), Ph.D (Polymer Chemistry), joined the Company on 1st August, 1970 as a Chemist and was appointed as a member of the Board with effect from May 1984. On 1st January, 1987, Dr Dutt was designated as the Assistant Managing Director.

Dr Dutt was appointed as the Managing Director for a period of five years with effect from 26th July, 1991 and subsequently got reappointed for further terms of 5 years with effect from 26th July, 1996 and 26th July, 2001 and another term of 3 years with effect from 26th July, 2006.

On 29th May, 2007, Dr Dutt was appointed as Chairman & Managing Director by the Board with effect from 29th May, 2007 and was appointed 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 on the recommendation of the Remuneration Committee had approved to rescind the present terms of appointment of Dr P K Dutt as the Chairman & CEO of the Company and gave approval to 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 and has fixed the remuneration payable to Dr P K Dutt as given hereunder:

Description	DR P K DUTT <i>Chairman</i>
1 SALARY	Rs.170,000 per month w.e.f. 1st January, 2011
2 MANAGEMENT ALLOWANCE Scale	Rs.175,000 per month w.e.f. 1st January, 2011
3 PERFORMANCE BONUS Commencing from 1st January, 2011	Not exceeding 100% of the Basic Pay, payable annually, for each Accounting year (Jan - Dec), as may be determined by the Remuneration Committee and finally approved by the Board on achieving the KPI as may be determined by the Board.
4 PERQUISITES [see note below] Annual ceiling for specified perquisites	Rs.2,500,000 per annum
5 Period of appointment	1st January, 2011 to 31st March, 2012

MINIMUM REMUNERATION :

Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the appointment(s), in the event of the Company having no profit or its profit is inadequate, the Board of Directors may determine the remuneration payable to each of the managerial personnel within the limits stated in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

TOTAL REMUNERATION :

The total remuneration payable to the Executive Directors shall not exceed 10% of the net profits calculated in accordance with Section 198 and Section 309 read with Schedule XIII of the Companies Act, 1956.

SITTING FEES:

Dr P K Dutt shall not receive any sitting fees for attending meetings of the Board or any Committee thereof.

NOTES ON PERQUISITES:

In addition to the aforesaid Salary, Management Allowance and Performance Bonus, Dr P K Dutt shall be entitled to perquisites like furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishing, medical insurance, medical reimbursement and leave travel concession for self, wife and dependent children, in accordance with the Rules of the Company, including tax borne by the Company on non-monetary perquisites payable and such other perquisites as may be determined by the Board from time to time, such perquisites being restricted to Rs.2,500,000 per annum.

For purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

The following, however, shall not be included in the computation of perquisites for the purpose of calculating the said ceiling, as aforesaid:

- i) Provision for use of company car for official duties and telephone at residence (including payment for local calls and long distance official calls);
- ii) Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration and Company's contribution to Gratuity Fund as actuarially determined or upto such other limit as may be prescribed under the Income Tax Act, 1961 and Rules made thereunder for this purpose;
- iii) Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.

The term of office of Dr P K Dutt would not be subject to retirement by rotation in terms of the Articles of Association of the Company.

Dr P K Dutt alongwith his family hold 133 shares in the Company.

Dr P K Dutt holds the Directorship in DIC Fine Chemicals (P) Ltd. and is also a Committee Member of the CHNHB Association.

None of the Directors other than Dr Dutt are interested in the resolution.

Item No.8

Mr Samir Bhaumik

Mr Samir Bhaumik, B.Com (Hons), LLb and FCA, prior to his appointment on 29th October, 2007 as a Wholetime Director of the Company was the Chief Operating Officer (News Ink) of the Company. He has been associated with the Company for the last 13 years. He is presently responsible for the overall activities including business growth and profitability of the Company's business.

The Remuneration Committee had recommended to the Board to consider the appointment of Mr Bhaumik as a Wholetime Director for a term of 5 years commencing from 29th October, 2007 to 28th October, 2012 on such terms of remuneration as was approved by the members of the Company in the Annual General Meeting held on 12th June, 2008.

Subsequently, considering the succession planning of the Company, the Board of Directors, at its meeting held on 21st October, 2010 on the recommendation of the Remuneration Committee of the Company, had rescinded the present terms of appointment of Mr Samir Bhaumik as the Wholetime Director of the Company and approved the

re-appointment of Mr Bhaumik as Managing Director of the Company for a period of three years with effect from 1st January, 2011 and has fixed the remuneration as under:

Description	MR S BHAUMIK <i>Managing Director</i>
1 SALARY Annual Increment	Rs.140,000 per month for the calendar year 2011 (Jan- Dec) w.e.f. 1st January, 2011 Such annual increment for the calendar year commencing from 1st January, 2012 as may be determined by the Board, based on the recommendation of the Remuneration Committee, subject to overall maximum salary limit of Rs.170,000 per month
2 MANAGEMENT ALLOWANCE Annual increment	Rs.115,000 per month for the calendar year 2011 (Jan-Dec) w.e.f. 1st January, 2011 Such annual increment for the calendar year commencing from 1st January, 2012 as may be determined by the Board, based on the recommendation of the Remuneration Committee, subject to overall maximum limit of management allowance of Rs.150,000 per month.
3 PERFORMANCE BONUS Commencing from 1st January, 2011	Not exceeding 100% of the Annual Basic Pay, payable annually, for each Accounting year (Jan - Dec), as may be determined by the Remuneration Committee and finally approved by the Board on achieving the KPI as may be determined by the Board.
4 PERQUISITES [see note below] Annual ceiling for specified perquisites	Rs.2,500,000 per annum
5 PERIOD OF APPOINTMENT	1st January, 2011 to 31st December, 2013

MINIMUM REMUNERATION:

Notwithstanding anything contained herein above, where in any financial year during the currency of tenure of the appointment(s), in the event of the Company having no profit or its profit is inadequate, the Board of Directors may determine the remuneration payable to each of the managerial personnel within the limits stated in Section II of Part II of Schedule XIII to the Companies Act, 1956, as may be amended from time to time.

TOTAL REMUNERATION:

The total remuneration payable to the Executive Directors shall not exceed 10% of the net profits calculated in accordance with Section 198 and Section 309 read with Schedule XIII of the Companies Act, 1956.

SITTING FEES:

Mr Samir Bhaumik shall not receive any sitting fees for attending meetings of the Board or any Committee thereof.

NOTES ON PERQUISITES:

In addition to the aforesaid Salary, Management Allowance and Performance Bonus, Mr Samir Bhaumik shall be entitled to perquisites like furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishing, housing loan subsidy for acquisition of dwelling unit for self residence, medical insurance, medical reimbursement and leave travel concession for self, wife and dependent children, in accordance with the Rules of the Company, including tax borne by the Company on non-monetary perquisites payable and such other perquisites as may be determined by the Board from time to time, such perquisites being restricted to Rs.2,500,000 per annum.

For purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

The following, however, shall not be included in the computation of perquisites for the purpose of calculating the said ceiling, as aforesaid.

- i) Provision for use of company car for official duties and telephone at residence (including payment for local calls and long distance official calls);
- ii) Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration and Company's contribution to Gratuity Fund as actuarially determined or upto such other limit as may be prescribed under the Income Tax Act, 1961 and Rules made thereunder for this purpose;
- iii) Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.

The term of office of Mr Samir Bhaumik would not be subject to retirement by rotation in terms of the Articles of Association of the Company.

Mr Samir Bhaumik, alongwith his family holds nil shares in the Company. He does not hold Directorship in any other company.

None of the Directors other than Mr Samir Bhaumik are interested in the Resolution.

The Board of Directors accordingly recommends the resolutions mentioned under Item Nos. 6, 7 and 8 of the Notice for the approval of the Members.

Registered Office:
Transport Depot Road
Kolkata 700 088
Dated 9th February, 2011

By order of the Board
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 5267/2311/9039
E-mail : coi@dic.co.in

NOIDA

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

DELHI

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

MUMBAI

Chandivali Farm
Off Saki Vihar Road
Mumbai - 400 072, Maharashtra
Telephone : (022) 28474655-60
Fax : (022) 28472149/4678/6231

AHMEDABAD

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

BANGALORE

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

CHENNAI

60 (Old No.92), Sheik Maistry Street
Royapuram, Chennai - 600 013, Tamil Nadu
Telephone : (044) 2595 2601/03/5475
Fax : (044) 2595 3850
E-mail: chennai@dic.co.in

SALES OFFICES & DEPOTS

BANGALORE

F-58, Industrial Estate
Rajaji Nagar
Bangalore - 560 044, Karnataka
Telephone : (080) 23113446/3467
Fax : (080) 2311 3478
Email : rfdcunha@dic.co.in

MADURAI

C-131, Kamarajar Road, Thirunagar
Madurai - 625 006
Tamil Nadu
Telephone : (0452) 4367293
E-mail : n.vaidyanathan@hotmail.com

HYDERABAD

Plot No. B-7, IDA, Uppal
Hyderabad - 500 039
Andhra Pradesh
Telephone : (040) 27206821/6281
E-mail : suhas.mitra@dic.co.in

VADODARA

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

KANPUR

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



DIC INDIA LIMITED

Registered Office : Transport Depot Road, Kolkata 700 088

ATTENDANCE SLIP

63rd Annual General Meeting, 28th April, 2011, at 3.00 p.m.

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

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

.....

I hereby record my presence at the 63rd Annual General Meeting of the Company at the premises of The Bengal Chamber of Commerce & Industry, 6, Netaji Subhas Road, Kolkata 700 001.

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

..... TEAR OFF HERE

DIC INDIA LIMITED

Registered Office : Transport Depot Road, Kolkata 700 088

PROXY FORM

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

I/We _____

of _____

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

_____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 63rd Annual General Meeting of the Company to be held on the 28th day of April, 2011 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2011.

Affix 15 paise Revenue Stamp

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

