



# DIC India Limited

Color and Comfort by Chemistry



## ANNUAL REPORT 2013

# BOARD OF DIRECTORS



**Dr P K Dutt**  
*Chairman*



**S Bhaumik**  
*Managing Director*



**D Banerjee**



**Y Masuda**



**S Bose**



**B N Ghosh**



**U Sengupta**



**P Koek**

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## ***DIC India Limited***

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# Corporate Information

as on 31st December 2013

CIN - L24223WB1947PLC015202

## Board of Directors

Dr Prabir Kumar Dutt  
*Chairman*

Samir Bhaumik  
*Managing Director*

Yoshiaki Masuda

Dipak Banerjee

Subir Bose

Bhaskar Nath Ghosh

Utpal Sengupta

Paul Koek

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Timir Baran Chatterjee

*Senior Executive Vice President*

*(Corporate Affairs and Legal) & Company Secretary*

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Sandip Chatterjee

*Chief Finance Officer*

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## Board Committees

### Audit Committee

Dipak Banerjee – *Chairman*

Subir Bose

Bhaskar Nath Ghosh

Paul Koek

### Shareholders'/Investors' Grievance Committee

Utpal Sengupta – *Chairman*

Dr Prabir Kumar Dutt

Paul Koek

### Remuneration Committee

Dipak Banerjee – *Chairman*

Yoshiaki Masuda

Paul Koek

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## Bankers

Bank of Baroda

State Bank of India

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

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## Auditors

Lovelock & Lewes

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

Electronics Complex, Bidhan Nagar, Kolkata - 700 091

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## Registrar and Share Transfer Agent

C B Management Services (P) Limited

P-22, Bondal Road, Kolkata - 700 019

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## Registered Office

Transport Depot Road, Kolkata - 700 088

Phone : (033) 2449 6591-95 Fax : (033) 2449 7033 / 2448 9039

E-mail : investors@dic.co.in Website : www.dicindia ltd.co

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# Ten Years Record

## TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

|                             | 2013<br>Dec-31 | 2012<br>Dec-31 | 2011<br>Dec-31 | 2010<br>Dec-31 | 2009<br>Dec-31 | 2008<br>Dec-31 | 2007<br>Dec-31 | 2006<br>Dec-31 | 2005<br>Dec-31 | 2004<br>Dec-31 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sales (Net)</b>          | <b>7,087</b>   | 7,124          | 6,748          | 5,534          | 4593           | 4719           | 4039           | 3395           | 2786           | 2445           |
| <b>Profit before Tax</b>    | <b>120 #</b>   | 315 #          | 382 #          | 649            | 320            | 231            | 167            | 145            | 147            | 114            |
| Tax                         | <b>(5)</b>     | 100            | 117            | 141            | 97             | 81             | 58             | 45             | 46             | 39             |
| <b>Profit after Tax</b>     | <b>125 #</b>   | 215 #          | 265 #          | 507            | 223            | 151            | 109            | 100            | 101            | 75             |
| Dividend                    | <b>43 *</b>    | 43 *           | 43 *           | 54 *           | 43 *           | 38 *           | 38 *           | 28 *           | 28 *           | 28 *           |
| Retained Profit             | <b>82</b>      | 172            | 222            | 454            | 180            | 113            | 71             | 72             | 73             | 47             |
| Earnings per Share (Rs.)    |                |                |                |                |                |                |                |                |                |                |
| – Basic                     | <b>13.66 #</b> | 23.42 #        | 28.82 #        | 55.28          | 24.29          | 16.56          | 15.86          | 14.51          | 14.72          | 10.92          |
| – Diluted                   | <b>13.66 #</b> | 23.42 #        | 28.82 #        | 55.28          | 24.29          | 16.56          | 15.69          | —              | —              | —              |
| Dividend per Share (%)      | <b>40 @</b>    | 40 @           | 40 @           | 50             | 40             | 35             | 35             | 35             | 35             | 35             |
| Net Worth per               |                |                |                |                |                |                |                |                |                |                |
| Equity Share (Rs.)          | <b>317.44</b>  | 308.46         | 289.69         | 265.53         | 216.04         | 196.47         | 170.52         | 157.54         | 147.12         | 136.4          |
| PBT to Sales (%)            | <b>1.69</b>    | 4.42           | 5.66           | 11.72          | 6.97           | 4.90           | 4.14           | 4.27           | 5.28           | 4.66           |
| PAT on Shareholders         |                |                |                |                |                |                |                |                |                |                |
| Funds (%)                   | <b>4.30</b>    | 7.59           | 9.95           | 20.82          | 11.25          | 8.37           | 9.30           | 9.22           | 9.97           | 8              |
| Debt Equity Ratio           | <b>0.08:1</b>  | 0.12:1         | 0.09:1         | 0.05:1         | 0.22:1         | 0.28:1         | 0.12:1         | 0.64:1         | 0.44:1         | 0.40:1         |
| <b>Sources of Funds</b>     |                |                |                |                |                |                |                |                |                |                |
| Share Capital               | <b>92</b>      | 92             | 92             | 92             | 92             | 92             | 69             | 69             | 69             | 69             |
| Share Application           | —              | —              | —              | —              | —              | —              | 516            | —              | —              | —              |
| Reserves & Surplus          | <b>2822</b>    | 2740           | 2567           | 2345           | 1891           | 1712           | 1105           | 1016           | 944            | 870            |
| Borrowings                  | <b>233</b>     | 340            | 227            | 115            | 427            | 497            | 209            | 693            | 444            | 379            |
|                             | <b>3147</b>    | 3172           | 2886           | 2552           | 2410           | 2300           | 1899           | 1778           | 1457           | 1318           |
| <b>Application of Funds</b> |                |                |                |                |                |                |                |                |                |                |
| Net Fixed Assets            | <b>976</b>     | 1,018          | 897            | 772            | 756            | 745            | 682            | 535            | 451            | 403            |
| Investments                 | —              | —              | —              | —              | 108            | 108            | 108            | 108            | 108            | 108            |
| Net Current Assets          | <b>2,171</b>   | 2,153          | 1,989          | 1,780          | 1546           | 1448           | 1109           | 1135           | 898            | 807            |
| Misc. Expenses              | —              | —              | —              | —              | —              | —              | —              | —              | —              | —              |
|                             | <b>3147</b>    | 3172           | 2886           | 2552           | 2410           | 2300           | 1899           | 1178           | 1457           | 1318           |

Notes:

\* Includes Tax on Dividend

@ Proposed

# After considering Extra-ordinary items

# Report on Corporate Governance

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

## I. MANDATORY REQUIREMENTS

### 1. Company's Philosophy on Corporate Governance

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

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

### 2. Board of Directors

#### A) Composition as on 31st December 2013

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

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

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

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

#### B) Other Directorships/Committee memberships held as on 31st December 2013:

| Name of Director | Category                     | Directorships held in other Companies ^ |             | Committee Memberships held in other Companies # |             |
|------------------|------------------------------|---|-------------|---|-------------|
|                  |                              | As Director                             | As Chairman | As Member                                       | As Chairman |
| Dr P K Dutt      | Chairman, Non-executive      | —                                       | —           | —   | —           |
| Mr S Bhaumik     | Managing Director, Executive | —                                       | —           | —   | —           |
| Mr D Banerjee    | Non-executive & Independent  | 8                                       | 1           | 6   | 3           |
| Mr S Bose        | Non-executive & Independent  | 2                                       | —           | —   | —           |
| Mr B N Ghosh     | Non-executive & Independent  | —                                       | —           | —   | —           |
| Mr U Sengupta    | Non-executive & Independent  | 2                                       | —           | —   | 1           |
| Mr Y Masuda      | 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.

# Only 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/<br>Cessation | Remarks                               |
|--------------------|---------------|-----------------------------------|---------------------------------------|
| Mr Yoshiaki Masuda | Non-executive | 13th June 2013                    | Appointment as<br>Additional Director |
| Mr Kazuo Kudo      | Non-executive | 13th June 2013                    | Resigned                              |

D) Board Meetings held during the year

During the financial year ended 31st December 2013, nine Board Meetings were held on 4th February 2013, 26th April 2013, 13th June 2013, 26th July 2013, 24th August 2013, 17th September 2013, 26th October 2013, 23rd November 2013 and 5th December 2013.

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

| Name of Director | Board Meetings Attended | Last AGM Attended |
|------------------|-------------------------|-------------------|
| Dr P K Dutt      | 8                       | Yes               |
| Mr S Bhaumik     | 9                       | Yes               |
| Mr K Kudo        | 0*                      | No                |
| Mr Y Masuda      | 6*                      | N.A.              |
| Mr P Koek        | 8                       | Yes               |
| Mr D Banerjee    | 8                       | Yes               |
| Mr S Bose        | 4                       | Yes               |
| Mr B N Ghosh     | 8                       | Yes               |
| Mr U Sengupta    | 7                       | Yes               |

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

F) Particulars of Directors retiring by rotation and seeking re-appointment, have been given in the Notice convening the 66th Annual General Meeting and Explanatory Statement, attached thereto.

### 3. Audit Committee

A) Terms of Reference

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

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

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

B) Composition, Name of Members and Chairperson

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

The Audit Committee of the Company comprises of the following members:

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

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

C) Meetings during the year

During the financial year ended 31st December 2013, four meetings were held on 4th February 2013, 26th April 2013, 26th July 2013 and 26th October 2013.

D) Attendance of Members at the Audit Committee Meetings

The attendance of the Members is as given below:

| Name of Member | Meetings Attended |
|----------------|-------------------|
| Mr D Banerjee  | 4                 |
| Mr S Bose      | 3                 |
| 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 shareholder’s queries, if any.

4. Remuneration Committee

A) Terms of Reference

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

B) Composition, Name of Members and Chairperson

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

Pursuant to the resignation of Mr Kazuo Kudo, Mr Yoshiaki Masuda was inducted in the Remuneration Committee with effect from 26th July 2013. As on 31st December 2013, the Remuneration Committee of the Company comprises of the following members:

| Name of Member | Category |
|----------------|----------|
| Mr D Banerjee  | Chairman |
| Mr Y Masuda    | Member   |
| Mr P Koek      | Member   |



C) Meetings and Attendance during the year

During the year ended 31st December 2013, two meetings were held on 4th February 2013 and 5th December 2013.

The attendance of the Members is as given below:

| Name of Member | Meetings Attended |            |
|----------------|-------------------|------------|
|                | 04.02.2013        | 05.12.2013 |
| Mr D Banerjee  | Yes               | Yes        |
| Mr Y Masuda    | N.A.              | Yes        |
| Mr K Kudo*     | No                | N.A.       |
| Mr P Koek      | Yes               | Yes        |

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

D) Remuneration paid/payable to the Directors for the financial year ended 31st December 2013

(Figure in Rs.)

| Name of Director | Salary    | Performance Bonus | Commission | Allowances, Perquisites & Retirement Benefits | Sitting Fees | Total     |
|------------------|-----------|-------------------|------------|---|--------------|-----------|
| Dr P K Dutt      | —         | —                 | 837,500    | —   | 106,000      | 943,500   |
| Mr S Bhaumik     | 2,040,000 | 800,000           | —          | 4,580,047                                     | —            | 7,420,047 |
| Mr D Banerjee    | —         | —                 | 180,000    | —   | 148,000      | 328,000   |
| Mr S Bose        | —         | —                 | 180,000    | —   | 70,000       | 250,000   |
| Mr B N Ghosh     | —         | —                 | 180,000    | —   | 120,000      | 300,000   |
| Mr U Sengupta    | —         | —                 | 180,000    | —   | 80,000       | 260,000   |
| Mr K Kudo        | —         | —                 | —          | —   | —            | —         |
| Mr Y Masuda      | —         | —                 | —          | —   | —            | —         |
| Mr P Koek        | —         | —                 | —          | —   | —            | —         |

- Except for the Managing Director, all the members of the Board are liable to retire by rotation. The appointment of the Executive Director is governed by the resolutions passed by the Board, as per recommendations of the Remuneration Committee, which cover the terms and conditions of such appointment read with the service rules of the Company, subject to final approval by the members.
- No Severance Fee is payable.
- Performance Bonus payable to the Executive Director is determined on the basis of the status of the inventory and debtors, profitability and overall financial position of the Company.
- Dr. P K Dutt, Non-executive Chairman holds 133 equity shares of the Company. No other Non-executive Directors hold any shares or convertible instruments of the Company.
- In addition to the sitting fees, the Company has paid commission to its Resident Non-executive Directors pursuant to approval of the Annual General Meeting held on 12th June 2008. The criteria of payment of commission to the Resident Non-executive Directors, as decided in the Board Meeting held on 9th February 2011 and 8th February 2012, is as under :
  - Non-Executive Chairman - 0.5% of the profits subject to annual ceiling of Rs 850,000/-
  - Others 0.5% of the profits subject to annual ceiling of Rs 180,000/- per Director.
- At present, sitting fees of Rs.12,000/- is paid to the Chairman of the Board and the Chairman of the Audit Committee. A sitting fees of Rs.10,000/- is paid to each Resident Non-executive Director for attending each meeting of the Board and the Committees thereof.
- No commission and sitting fees are payable to the Non-resident Non-executive Directors.

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

A) Terms of Reference

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

B) Composition

The Shareholders'/Investors Grievance Committee comprises three Directors. As on 31st December 2013, the Committee comprises of:

| Name of Member | Category |
|----------------|----------|
| Mr U Sengupta  | Chairman |
| Dr P K Dutt    | Member   |
| Mr P Koek      | Member   |

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

C) Attendance

A meeting had been held on 4th February 2013. All the members attended the meeting.

D) Status of Transfers

During the year ended 31st December 2013, 1533 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December 2013.

E) Complaints

During the year ended 31st December 2013, the Company had received 3 complaints and they have been settled.

**6. Subsidiary Company**

The Company had no subsidiary as on 31st December 2013.

**7. General Body Meetings**

A) Particulars of last three Annual General Meetings

| AGM  | Year Ended | Venue   | Date       | Time      |
|------|------------|---|------------|-----------|
| 65th | 31.12.2012 | Williamson Magor Hall<br>Bengal Chamber of Commerce &<br>Industry, Royal Exchange<br>6, Netaji Subhas Road, Kolkata 700 001 | 12.04.2013 | 11.00 a.m |
| 64th | 31.12.2011 | - Do -  | 29.05.2012 | 11.00 a.m |
| 63rd | 31.12.2010 | - Do -  | 28.04.2011 | 3.00 p.m. |

B) Postal Ballot Exercise

■ Approval of the Members by way of Special Resolution for Voluntary Delisting of equity shares of the Company from the Stock Exchanges was taken through Postal Ballot as per Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011, the result of which was declared on 20th January 2014 at the Registered Office of the Company. Mr. B V Dholakia of M/s. Dholakia & Associates, Practising Company Secretaries, Mumbai was appointed as the Scrutinizer for conducting the Postal Ballot process. The details of the voting pattern are as follows:

| Particulars   | No. of Ballot Forms | No. of Equity Shares of Rs. 10 each (Votes) | % of Valid Votes Received |
|---|---------------------|---|---------------------------|
| Total Valid Postal Ballots / Votes received               | 513                 | 75,62,265                                   | Not Applicable            |
| LESS :- Promoters shareholding                            | 1                   | 65,86,077                                   | Not Applicable            |
| <b>Public Shareholding</b>                                | <b>512</b>          | <b>9,76,188</b>                             | <b>100.00</b>             |
| <b>Assented to Resolution out of public shareholding</b>  | <b>330</b>          | <b>9,34,005</b>                             | <b>95.68</b>              |
| <b>Dissented to Resolution out of public shareholding</b> | <b>182</b>          | <b>42,183</b>                               | <b>4.32</b>               |

- Approval for re-appointment of Mr. Samir Bhaumik as Managing Director and appointment of Mr. Yasuo Ikeda as Whole-time Director designated as Chief Operating Officer is proposed to be taken through Postal Ballot, the result of which is scheduled to be declared on 7th February 2014. Mr. Tarun Chatterjee of M/s. T. Chatterjee & Associates, Practising Company Secretaries, Kolkata has been appointed as the Scrutinizer for overseeing the Postal Ballot process.

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

| AGM  | Year ended | Particulars of Special Resolution | Date       | Time       |
|------|------------|-----------------------------------|------------|------------|
| 65th | 31.12.2012 | N.A.                              | 12.04.2013 | 11.00 a.m. |
| 64th | 31.12.2011 | N.A.                              | 29.05.2012 | 11.00 a.m. |
| 63rd | 31.12.2010 | N.A.                              | 28.04.2011 | 3.00 p.m.  |

D) Particulars of last three Extraordinary General Meetings

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

## 8. Disclosures

- A) During the year there were no transactions of material nature with related parties that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under Accounting Standard 18 as notified by the Companies (Accounting Standards) Rules, 2006 and the same are given in Note 41 to the Financial Statements.
- B) During 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 : March & September 2013 - Business Standard, Ek Din  
June 2013 - Mint, Ek Din
  - Website where displayed : [www.dicindialtd.co](http://www.dicindialtd.co)
- C) Audited Financial Results : Year ended 31.12.2013
- Newspaper published in : Business Standard  
Sambad Pratidin
- D) Whether the website also displays official news releases and presentations to institutional investors/analysts : No presentation has been made to institutional investors/analysts
- E) Whether Management Discussion & Analysis Report is a part of Annual Report : The Report of the Directors, forming part of the Annual Report, includes all aspects of the Management Discussion & Analysis Report.

**10. Code of Professional Conduct**

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

In terms of the resolution passed by the Board of Directors in their meeting held on 5th February 2014, the Board has authorized Mr Samir Bhaumik, Managing Director to sign all Certificates as may be required, to comply with the statutory requirements.

Accordingly, a declaration from the Managing Director that all Board Members and Senior Management personnel have duly complied with the Code of Conduct for the financial year ended 31st December 2013 forms part of the Annual Report.

**11. CEO/CFO Certification**

The Certificate duly signed by the Managing Director and the Chief Finance Officer in respect of the financial year ended 31st December 2013 has been placed before the Board in the meeting held on 5th February 2014 and forms a part of the Annual Report.

**II. NON-MANDATORY REQUIREMENTS**

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

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

**2. Remuneration Committee**

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

**3. Shareholders' Rights**

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

**4. Audit Qualification**

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

**5. Mechanism of evaluating Non-Executive Board Members**

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

**6. Whistle Blower Policy**

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

## CERTIFICATION

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

- (a) We have reviewed the financial statements and the cash flow statement for the year ended 31st December 2013 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.

Place: Kolkata  
Date: 5th February 2014

For **DIC India Limited**

**Samir Bhaumik**  
Managing Director

**Sandip Chatterjee**  
Chief Finance Officer

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

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 29th April 2005. After adoption of the Code of Conduct, the same was circulated to all the Members of the Board and Senior Management Personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year 31st December 2013. The same has been duly noted by the Board in its meeting held on 5th February 2014.

Place: Kolkata  
Date: 5th February 2014

For **DIC India Limited**

**Samir Bhaumik**  
Managing Director

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

**To the Members of DIC India Limited**

We have examined the compliance of conditions of Corporate Governance by DIC India Limited, for the year ended 31st December 2013, 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 Agreements.

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.

Place : Kolkata  
Date : 5th February 2014

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

**Pinaki Chowdhury**  
*Partner*  
Membership No. 57572

# Shareholder Information

## 1. Annual General Meeting

The 66th Annual General Meeting will be held at 11.00 A.M. on 27th June 2014, 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 2013, results were announced on :

| Approval of   | Board Meeting Date |
|---|--------------------|
| Unaudited Results for 1st quarter ended 31.03.2013  | 26.04.2013         |
| Unaudited Results for 2nd quarter ended 30.06.2013  | 26.07.2013         |
| Unaudited Results for 3rd quarter ended 30.09.2013  | 26.10.2013         |
| Audited Results for financial year ended 31.12.2013 | 05.02.2014         |

## 3. Book Closure Date

The period of book closure is from 18th June 2014 to 27th June 2014, both days inclusive.

## 4. Dividend Payment Date

A Dividend payment of Rs. 4/- per equity share of Rs. 10.00 each will be paid on 8th July 2014, subject to the approval of the members in the Annual General Meeting.

## 5. Listing on Stock Exchanges

The equity shares of the Company are listed on :

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

## 6. Listing Fees to Stock Exchanges

The Annual Listing Fees for the year 2013-14 have been paid to all these Stock Exchanges. The Annual Listing Fees for the year 2014-15 will be paid within the stipulated time.

## 7. Annual Custody Fees to Depositories

The Company has paid Annual Custody Fees for the year 2013-14 to both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

The Annual Custody Fees for the year 2014-15 will be paid within the stipulated time.

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

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



## 9. Scrip Code

The Company's Stock Exchange codes are as follows:

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

## 10. Market Price Data

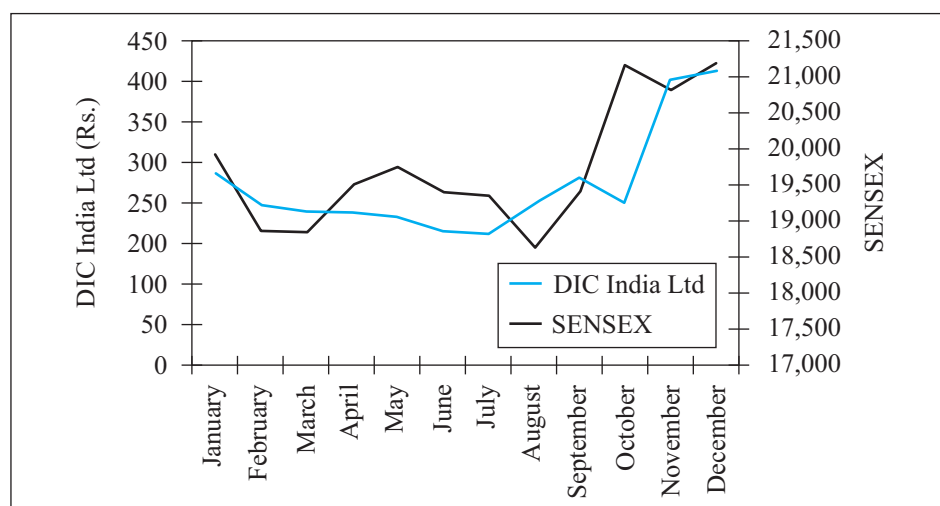
Monthly high and low price of Company's equity shares at the BSE Limited and National Stock Exchange of India Limited (NSE) for the period from 1st January, 2013 to 31st December 2013 are stated hereunder:

| Month          | BSE    |        | NSE    |        |
|----------------|--------|--------|--------|--------|
|                | High   | Low    | High   | Low    |
|                | (Rs.)  | (Rs.)  | (Rs.)  | (Rs.)  |
| January 2013   | 259.90 | 232.00 | 247.00 | 228.05 |
| February 2013  | 241.85 | 194.00 | 242.00 | 193.00 |
| March 2013     | 205.80 | 188.10 | 209.05 | 185.00 |
| April 2013     | 197.90 | 186.00 | 200.90 | 183.00 |
| May 2013       | 194.00 | 172.00 | 214.00 | 180.00 |
| June 2013      | 184.00 | 160.35 | 182.95 | 160.30 |
| July 2013      | 180.00 | 152.00 | 180.00 | 152.30 |
| August 2013    | 209.10 | 160.55 | 209.45 | 159.95 |
| September 2013 | 247.00 | 197.00 | 247.00 | 190.05 |
| October 2013   | 247.50 | 195.30 | 240.95 | 194.00 |
| November 2013  | 364.40 | 199.95 | 364.75 | 198.15 |
| December 2013  | 380.00 | 333.05 | 370.00 | 335.50 |

There were no transactions on Calcutta Stock Exchange Association Limited.

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

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



**12. Registrar and Share Transfer Agent**

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

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

P-22, Bondel Road, Kolkata - 700 019  
 Phone: 033-2280 6692-94/40116700  
 Facsimile: 033 2287 0263  
 E-mail: [rta@cbmsl.com](mailto:rta@cbmsl.com)  
 Website: [www.cbmsl.com](http://www.cbmsl.com)

**13. Investor Grievances**

The Company has designated an exclusive e-mail id viz. [investors@dic.co.in](mailto:investors@dic.co.in) to enable the investors to register their grievance, 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 2013

| Category  | No. of Shares    | % to Share Capital |
|---|------------------|--------------------|
| <b>(A) Promoter's Holding</b>                           |                  |                    |
| Foreign Promoter  | 6,586,077        | 71.75              |
| <b>Sub Total (A)</b>                                    | <b>6,586,077</b> | <b>71.75</b>       |
| <b>(B) Non-Promoters Holding</b>                        |                  |                    |
| Directors & Relatives                                   | 133              | 0.00               |
| Insurance Companies                                     | 0                | 0.00               |
| Government/ Financial Institutions/ Banks/ Mutual Funds | 423              | 0.01               |
| Bodies Corporate  | 462,677          | 5.04               |
| Foreign Institutional Investors                         | 50               | 0.00               |
| NRIs / OCBs   | 27,856           | 0.30               |
| Public  | 2,048,120        | 22.32              |
| Others  | 53,641           | 0.58               |
| <b>Sub Total (B)</b>                                    | <b>2,592,900</b> | <b>28.25</b>       |
| <b>Grand Total (A+B)</b>                                | <b>9,178,977</b> | <b>100.00</b>      |

## 16. Distribution of Shareholding

Distribution of shareholding as on 31st December 2013 is as follows:

| Slab          | No. of Shareholders |                   | No. of Shares    |                    |
|---------------|---------------------|-------------------|------------------|--------------------|
|               | Total               | % of Shareholders | Total            | % to Share Capital |
| 1 — 500       | 7,534               | 93.35             | 672,801          | 7.33               |
| 501 — 1000    | 238                 | 2.95              | 189,267          | 2.06               |
| 1001 — 2000   | 129                 | 1.60              | 194,744          | 2.12               |
| 2001 — 3000   | 59                  | 0.73              | 153,766          | 1.68               |
| 3001 — 4000   | 27                  | 0.33              | 94,307           | 1.03               |
| 4001 — 5000   | 29                  | 0.36              | 138,431          | 1.51               |
| 5001 — 10000  | 33                  | 0.41              | 244,377          | 2.66               |
| 10001 — 50000 | 18                  | 0.22              | 295,064          | 3.21               |
| 50001 — above | 4                   | 0.05              | 7,196,220        | 78.40              |
| <b>Total</b>  | <b>8,071</b>        | <b>100.00</b>     | <b>9,178,977</b> | <b>100.00</b>      |

## 17. Reconciliation of Share Capital Audit

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

## 18. Dematerialization of Shares and Liquidity

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

As on 31st December 2013, 97.67% of the Company's total paid up capital representing 8,964,787 equity shares were held in dematerialised form and the balance 2.33% representing 214,190 equity shares were held in physical form.

## 19. Address for correspondence with Depositories

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

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

Telephone No : 022-2499 4200  
Facsimile Nos : 022-2497 2993/6351  
E-mail : [info@nsdl.co.in](mailto:info@nsdl.co.in)  
Website : [www.nsdl.co.in](http://www.nsdl.co.in)

Telephone No : 022-2272 3333  
Facsimile Nos : 022-2272 3199/2072  
E-mail : [investors@cdslindia.com](mailto:investors@cdslindia.com)  
Website : [www.cdslindia.com](http://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) |
|----------------|------------|---------------------------------|
| 2013           | 40         | 36.72                           |
| 2012           | 40         | 36.72                           |
| 2011           | 40         | 36.72                           |
| 2010           | 50         | 45.89                           |
| 2009           | 40         | 36.72                           |
| 2008           | 35         | 32.13                           |
| 2007           | 35         | 32.13                           |
| 2006           | 35         | 24.09                           |
| 2005           | 35         | 24.09                           |
| 2004           | 35         | 24.09                           |

**22. Unclaimed Dividend**

Unclaimed dividend for the last three financial years including 2005 has been transferred to the the Investor Education and Protection Fund (IEPF) established by the Central Government, as per table given hereinbelow:

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on date of Transfer (Rs.) | Transferred to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|------------------------|
| 31.12.2003     | 56th                        | 29.06.2004                      | 24,099,379.50        | 159,295.50                                      | 11.08.2011             |
| 31.12.2004     | 57th                        | 29.04.2005                      | 24,099,379.50        | 170,579.50                                      | 14.06.2012             |
| 31.12.2005     | 58th                        | 15.05.2006                      | 24,099,379.50        | 144,183.00                                      | 20.06.2013             |

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

| Financial year | Dividend Identification No. | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed Dividend as on 31.12.2013 (Rs.) | Due for transfer to IEPF on |
|----------------|-----------------------------|---------------------------------|----------------------|---|-----------------------------|
| 31.12.2006     | 59th                        | 29.05.2007                      | 24,099,379.50        | 144,501.00                                | 06.07.2014                  |
| 31.12.2007     | 60th                        | 12.06.2008                      | 32,126,419.50        | 157,115.00                                | 20.07.2015                  |
| 31.12.2008     | 61st                        | 12.05.2009                      | 32,126,419.50        | 202,849.00                                | 19.06.2016                  |
| 31.12.2009     | 62nd                        | 02.06.2010                      | 36,715,908.00        | 242,236.00                                | 10.07.2017                  |
| 31.12.2010     | 63rd                        | 28.04.2011                      | 45,894,885.00        | 282,085.00                                | 04.06.2018                  |
| 31.12.2011     | 64th                        | 29.05.2012                      | 36,715,908.00        | 236,332.00                                | 05.07.2019                  |
| 31.12.2012     | 65th                        | 12.04.2013                      | 36,715,908.00        | 254,476.00                                | 12.05.2020                  |

**23. Plant Locations**

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

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

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

**DIC INDIA LIMITED**

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

# Report of the Directors & Management Discussion and Analysis Report

Your Directors have pleasure in presenting the Annual Report for the year ended 31st December 2013.

## ECONOMIC ENVIRONMENT

After a dull 2012, a pick-up in real GDP growth in India was noticed in the reports of quarter ended June 2013, which was driven largely by robust growth of agricultural activity, supported by an improvement in net exports. However, this pick-up could not be sustained in the following quarters and a weakness was noticed in industrial activity, indicators of services and subdued domestic consumption demand hinting at continuing headwinds to growth. As per budget estimates, the Indian economy is expected to grow by 4.9% during 2013-14. While the agricultural growth is expected to return to trend levels, the outlook for industrial activity remains subdued given the slow pace of investments and structural bottlenecks such as shortage of power, coal, natural gas etc. Growth in services and exports is also likely to be sub-par in the backdrop of a sluggish global economy.

India's "twin deficit" challenge also came under the spotlight during the year. The Current Account Deficit widened to an all time high at 5.4% of GDP during the first 9 months of 2012-13 vs. 4.1% during the same period of the previous year mainly contributed by high oil prices, subdued merchandise exports coupled with a marginal decline in net services exports. 'On the other hand, the fiscal deficit which seemed like heading towards 6% of GDP in the middle of the year, was reined in by the Government to 5.2% of GDP (Budget 2013 estimates) through aggressive compression in expenditure.

At the industry level, the cost of borrowing has been increased for the companies. The increased liability has burdened companies which have now resorted to cutting down expenditure. The extreme volatility in the rupee movement also impacted the economy in a major way during the financial year. Rupee depreciated to an all time high of Rs.68.84 in August 2013 against the dollar. With the depreciation of rupee, imports became costlier and thus became a burden and impacted the Company adversely.

The sudden downward movement of the rupee was finally arrested after the Reserve Bank of India stepped in with unprecedented fiscal measures. Further measures which resulted in declining of gold imports and turnaround in exports helped narrow the current account gap during the quarter ended September 2013. Several policy measures were announced by the Government during the year. Some of the key interventions include the setting up of the "Cabinet Committee on investments" to ensure expeditious clearance and implementation of big-ticket infrastructure projects, direct cash transfers of subsidies, diesel and LPG subsidy restructuring etc.

## FINANCIAL RESULTS

|  | (Rs. in Million) |         |
|--|------------------|---------|
|  | 2013             | 2012    |
| Sales excluding excise duty                        | <b>7086.64</b>   | 7123.86 |
| Other Income                                       | <b>39.34</b>     | 40.48   |
| Total Revenue                                      | <b>7125.98</b>   | 7164.34 |
| Operating Profit                                   | <b>159.46</b>    | 367.08  |
| Profit before Taxation                             | <b>119.98</b>    | 314.92  |
| Provision for Taxation including deferred taxation | <b>(5.39)</b>    | 99.97   |
| Profit after Tax                                   | <b>125.37</b>    | 214.95  |
| Profit brought forward from the previous year      | <b>1442.84</b>   | 1292.06 |
| Profit available for Appropriation:                | <b>1568.21</b>   | 1507.01 |
| Appropriation-                                     |                  |         |
| Proposed Dividend                                  | <b>36.72</b>     | 36.72   |
| Tax on Dividend                                    | <b>6.24</b>      | 5.96    |
| General reserve                                    | <b>12.54</b>     | 21.49   |
| Balance Carried Forward                            | <b>1512.71</b>   | 1442.84 |

## **PERFORMANCE REVIEW**

In the face of adverse economic environment, your Company recorded a turnover of Rs. 7086.64 million as against Rs 7123.86 million in the previous year registering a minor decrease of 0.52% in terms of value and 1.89% in terms of volume. However, an increase in operational expenses arising out of increased freight and power cost resulted in Profit before tax going down from Rs. 314.92 million in the previous year to Rs. 119.98 million in the current year. Consequently, the Profit after tax also fell from Rs. 214.95 million to Rs. 125.37 million in the current fiscal.

Amongst the various reasons that have contributed to this slowdown is the fluctuating dollar which has increased the import burden and raising the raw material costs coupled with intense competition in the printing ink segment. However, to ensure that the slowdown is a temporary measure, your Company has taken several steps to put the Company back on the growth path. Amongst the measures taken are cost effectiveness, rationalization of expenditures, improving operational efficiencies and induction of new technology.

The Management expects that the Company would go back to its growth trajectory in the near future .

## **OUTLOOK**

With an uneven recovery across various economies, the outlook for global growth continues to remain moderate. Weak domestic demand and some improvement in exports notwithstanding, activity in major emerging market economies has noticed a deceleration. The inevitable taper of quantitative easing in the US, given the large dependence of EMEs on external financing would have a major bearing on the economies of the emerging economies.

On the domestic front, the printing ink industry for the last two years have become stagnant. The weakness in the consumer goods market has further added to the woes of the printing ink industry. The uncertainty in the political scenario was also a speed breaker to the growth of the economy. The results in the upcoming elections to be announced sometimes in May 2014 would hold the key to any significant bearing on the direction of the Indian economy. It is expected that a stable government would be a catalyst in taking major decisions which would push forward the pace of reforms and thereby directly improving the macro-economic environment from the 2nd half of 2014 onwards. Till that time, it would be a challenge to hold on to the situation.

To ensure future growth, the Company is, with the assistance of its ultimate holding company DIC Corporation, contemplating infusion of the latest technology in printing inks industry to enhance its product range. The managerial strength has already been augmented with the induction in the Board of Directors of Mr Yasuo Ikeda, who has technical expertise in the printing ink industry and has been associated with the DIC Group since 1990.

## **DIVIDEND**

Your Board recommends the rate of dividend declared to be Rs 4.00 per share (FY2012 - Rs.4.00 per share), subject to approval of shareholders at the ensuing Annual General Meeting.

## **CAPITALEXPENDITURE**

Capital expenditure during the year amounted to Rs.128.99 million, a major part of which was spent on building and plant & machinery. Further, an amount of Rs 12.82 million was spent on acquiring computer software.

## **RESTRUCTURING OF THE MUMBAI REGION UNIT**

As you are aware, the Company has a manufacturing unit located at Chandivali Farm, off Saki Vihar Road, Mumbai 400 072. However, in recent times, due to various reasons like residential properties springing around the Mumbai factory posing a potential social responsibility risk due to manufacture of liquid inks and storage of solvents and changes in tax laws making marginal business unviable, the unit had become unviable and accordingly the Board has given in-principle approval for the closure of the Mumbai manufacturing unit. This would also allow for consolidation of manufacturing processes amongst DIC's other units and rationalization of costs. However, the closure of the Mumbai unit would not affect the overall production capacity of the Company as relocation of the manufacturing process will take place.

## **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.

## **DIC INDIA LIMITED**

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

### **DEPOSITS FROM PUBLIC**

As on 31st December 2013, the Company has no unclaimed deposit lying against it.

### **HUMAN RESOURCES**

Your Company believes that the competence and commitment of the people are the principle drivers of competitive advantage that enable the enterprise to create and deliver value. The industrial relations climate of your Company continues to remain harmonious with focus on improving productivity, quality and safety. Efforts are being made to strengthen organizational culture in order to attract and retain the best talent in the industry. Training needs are identified in a systematic manner and regular training programmes are organised, both in-house and external where employees are nominated to participate. The Board records its appreciation of the commitment and support of the employees and looks forward to their continued support. As on 31st December 2013, the Company had 650 employees (including contractual and casual) on its pay roll.

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

### **WEBSITE OF THE COMPANY**

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

### **INTERNAL CONTROL SYSTEMS**

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

### **RELATED PARTIES**

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

### **LISTING WITH STOCK EXCHANGES**

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

Further, DIC Asia Pacific Pte Ltd, the Company's promoter vide its letter dated 22nd November 2013 indicated its intention to voluntarily delist the equity shares of the Company in accordance with Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations") and also intimated the indicative price of Rs. 260/- per equity share and floor price of Rs. 174/- per equity share, being the highest of the prices arrived at in accordance with Delisting Regulations. The Board of Directors have taken note of the intent of the Acquirer to delist, the equity shares on the price being calculated, inter alia, in accordance with the valuation report dated 22nd November 2013 issued by M/s. K J Sheth & Associates, Chartered Accountants. The Board has accorded



approval for voluntary delisting of the equity shares of the Company from all the stock exchanges where the equity shares of the Company are currently listed, namely the BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Limited (CSE). Accordingly, the approval of shareholders granted through Postal Ballot was sought and pursuant to the result of which has been declared on 20th January 2014, the members have granted their approval to the same.

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

Your Company maintains DIC Group's commitment to fulfill its environment, social and economic responsibilities. DIC Group has recently issued its CSR Report 2013 describing the efforts of the DIC Group to carry out its Corporate Social Responsibility.

### **CORPORATE GOVERNANCE**

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

### **SAFETY AND ENVIRONMENT**

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

### **INFORMATION SYSTEM**

In a business where information is critical, Information Technology plays a vital role, facilitating informed decision-making to grow the business. Over the years, the Company has invested extensively in infrastructure, people and processes with the objective to capture, protect and transmit information with speed and accuracy.

To align with the DIC Group requirement, the Company has installed SAP ERP suite for a reliable, high end, comprehensive, disciplined and integrated business solution.

### **DIRECTORS**

Mr. Kazuo Kudo, the erstwhile Regional Managing Director of the holding Company, DIC Asia Pacific Pte Ltd, had been in the Board of the Company since 2nd June 2010. Subsequent to his taking a new assignment within the Group, he has tendered his resignation from the Board of Directors with effect from 13th June 2013.

The Board recorded its appreciation for the dedication, foresightedness, leadership and contribution made by Mr. K Kudo to the growth of the Company.

Pursuant to the resignation of Mr. Kazuo Kudo from the Board, Mr. Yoshiaki Masuda has been appointed as the Regional Managing Director of the Company's holding Company, DIC Asia Pacific Pte Ltd., and has been nominated to the Board of DIC India Limited with effect from 13th June 2013. He also holds directorship in several other DIC Group Companies. Mr. Masuda'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.

## **DIC INDIA LIMITED**

Further the Board has also inducted Mr. Yasuo Ikeda as an Additional Director in whole-time capacity designated as Chief Operating Officer of the Company in accordance with Section 161 of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) by the Board of Directors with effect from 1st January 2014 for a period of 3 years. This appointment is subject to approval of Central Government as Mr. Ikeda is a Japanese citizen and does not satisfy the residential requirement of staying in India for a period of one year prior to his appointment, as envisaged under Clause (e) of Part I of Schedule XIII of the Companies Act, 1956. Application has already been made to Central Government on 31st December 2013.

Mr. Samir Bhaumik, Managing Director of the Company whose tenure ended on 31st December 2013 has been re-appointed by the Board in its meeting held on 5th December 2013, as recommended by the Remuneration Committee, for a further period of 2 years i.e. from 1st January 2014 to 31st December 2015

Approval of shareholders w.r.t appointment of Mr. Yasuo Ikeda and re-appointment of Mr. Samir Bhaumik, has been sought for by Postal Ballot, the result of which would be declared on 7th February 2014.

In terms of Articles of Association of the Company, Dr. Prabir Kumar Dutt and Mr. Utpal Sengupta retire from the Board by rotation and being eligible, offer themselves for re-appointment.

Dr. Prabir Kumar Dutt holds 133 shares of the Company. Mr. Utpal Sengupta does not hold any shares of the Company.

The appointments of Mr. Yoshiaki Masuda, Dr. Prabir Kumar Dutt and Mr. Utpal Sengupta, form part of the Notice of Annual General Meeting and the Resolutions are recommended for your approval.

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the year ended 31st December 2013, 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 2013 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 2013 have been prepared on a going concern basis.

### **COST AUDIT**

The Central Government vide its Notification No. 52/26/CAB-2010 dated 30th June 2011 has directed the audit of the cost accounts relating to Printing Inks to be carried out by the Cost Auditor. Accordingly, M/s. Sinha Chaudhuri & Associates having registration No. 000057 were appointed as the Cost Auditors for auditing the Company's cost accounts for the year ended 31st December 2013.

### **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.0.14 million during the financial year 2013 to the Investor Education & Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956.

## **RESEARCH & DEVELOPMENT**

The Company has obtained approval for in-house R&D facilities u/s 35(2AB) of Income Tax Act, 1961 for its units at Kolkata and Noida from Government of India, Ministry of Science and Technology, New Delhi. This approval is valid till 31st March 2015.

## **RISKS & MITIGATING STEPS**

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

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

The risks and its mitigating factors are discussed by the management and subsequently placed before the Board for their opinion and advice. The current risk management report was discussed by the Board in its meeting held on 5th December 2013.

## **ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions, Reserve Bank of India, Securities and Exchange Board of India and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company and Associates for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the printing ink industry.

On behalf of the Board

**SAMIR BHAUMIK**  
Managing Director

**YASUO IKEDA**  
Chief Operating Officer

Kolkata  
5th February 2014

*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

#### (A) 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 2013

##### Power and Fuel Consumption

| (a)   | Fuel consumption                                 | Units          | 2013         | 2012  |
|-------|--|----------------|--------------|-------|
| 1     | <b>Electricity</b>                               |                |              |       |
| (i)   | <b>Purchased from Electricity Board</b>          |                |              |       |
|       | KWH  | Million        | <b>6.67</b>  | 6.90  |
|       | Total Amount                                     | Rs. in Million | <b>48.52</b> | 39.17 |
|       | Average Rate                                     | Rs./Units      | <b>7.28</b>  | 5.68  |
| (ii)  | <b>Purchased from Others</b>                     |                |              |       |
|       | KWH  | Million        | <b>4.18</b>  | 4.47  |
|       | Total Amount                                     | Rs. in Million | <b>33.57</b> | 34.16 |
|       | Average Rate                                     | Rs./Units      | <b>8.02</b>  | 7.65  |
| (iii) | <b>Own Generation - through Diesel Generator</b> |                |              |       |
|       | KWH  | Million        | <b>0.84</b>  | 0.90  |
|       | Unit per litre of diesel                         | Kwh            | <b>3.41</b>  | 3.06  |
|       | Average Rate                                     | Rs./Units      | <b>16.84</b> | 12.65 |
| 2.    | <b>HSD Used [other than 1(iii) above]</b>        |                |              |       |
|       | Ltrs   | Million        | <b>0.45</b>  | 0.44  |
|       | Total Amount                                     | Rs. in Million | <b>27.43</b> | 18.84 |
|       | Average Rate                                     | Rs./Units      | <b>60.71</b> | 42.42 |
| 3.    | <b>Furnace Oil</b>                               |                |              |       |
|       | Ltrs   | Million        | —            | —     |
|       | Total Amount                                     | Rs. in Million | —            | —     |
|       | Average Rate                                     | Rs./Units      | —            | —     |

#### (b) Consumption per Unit of Production

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

## **(B) Research & Development**

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

For development of:

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

### **2. Benefits derived as a result of R&D**

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

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

### **3. Future Plan of Action**

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

### **4. Expenditure on R&D**

The Company has modern R&D Centres at Kolkata and Noida unit which are recognized by Dept. of Scientific and Industrial Research, Ministry of Science & Technology, Government of India. During the year, the Company has incurred the following expenditures on R&D facilities:

- (a) Capital Expenditure of Rs.3.24 million
- (b) Recurring Expenditure of Rs. 17.49 million,
- (c) Total Expenditure Rs. 39.29 million and
- (d) Total R&D Expenditure as a percentage to total Turnover was 0.55%.

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

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

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

### **2. Benefits Derived as a Result of above Efforts**

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

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

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

The Company had also executed a fresh Technical Collaboration Agreement with DIC Corporation, Japan with effect from 1st July 2011. This Technical Collaboration Agreement does not relate to a specific project or product but transfer of technology 'on an ongoing basis' for all the existing and future range of printing inks and lamination adhesives. 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. 469.10 million (from Rs. 332.42 million in 2012), registering an increase of 41.12%. Earnings in foreign exchange through exports and other earnings amounted to Rs. 473.67 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. 1730.67 million (Rs. 2092.48 million in 2012).

# Independent Auditors' Report

## To the Members of DIC India Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of DIC India Limited (the “Company”), which comprise the Balance Sheet as at December 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 of India (the “Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2013;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the “Order”), 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.
8. As required by Section 227(3) of the Act, 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 purpose of our audit;

**DIC INDIA LIMITED**

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on December 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Kolkata  
February 5, 2014

For **Lovelock & Lewes**  
Firm Registration Number 301056E  
Chartered Accountants  
**Pinaki Chowdhury**  
*Partner*  
Membership Number 57572



## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

### **Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of DIC India Limited on the financial statements as of and for the year ended December 31, 2013**

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b), (c) and (d)/ (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, 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 and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices, as applicable, at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie,

the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, Sales Tax, Value Added Tax, Professional Tax, Entry Tax and Service Tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including Employees' State Insurance, Income Tax, Investor Education and Protection Fund, Wealth Tax, Customs Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Wealth Tax which have not been deposited on account of any dispute. The particulars of dues of Income Tax, Sales Tax, Service Tax, Customs Duty and Excise Duty as at December 31, 2013 which have not been deposited on account of a dispute, are as follows:

| Name of the statute             | Nature of dues | Amount<br>(Rs. in Million)   | Period to which<br>the amount relates   | Forum where the dispute<br>is pending  |
|---------------------------------|----------------|------------------------------|---|--|
| Income-tax Act 1961             | Income Tax     | 5.22                         | 2008-09   | Commissioner (Appeals)   |
| Central Sales Tax Act, 1956     | Sales Tax      | 6.56<br>2.11<br>0.17<br>0.05 | 2005-06 and 2006-07<br>2004-05 and 2010-11<br>2002-03<br>2003-04  | Appellate and Revisional Board<br>Joint Commissioner (Appeal)<br>High Court<br>Deputy Commissioner |
| West Bengal Sales Tax Act, 1941 | Sales Tax      | 1.11                         | 2003-04   | Appellate and Revisional Board   |
| Central Excise Act, 1944        | Excise Duty    | 22.62<br><br>24.31           | 1993-94, 1994-95,<br>1997-98, 2005-06,<br>2006-07, 2007-08,<br>2008-09, 2009-10,<br>2010-11, 2011-12<br>1994-95, 1995-96,<br>1996-97, 2001-02,<br>2002-03, 2003-04,<br>2004-05, 2005-06,<br>2006-07, 2007-08,<br>2008-09, 2009-10,<br>2010-11 | Commissioner (Appeals)<br><br>Customs, Excise & Service<br>Tax Appellate Tribunal                  |
| Finance Act, 1994               | Service Tax    | 27.21<br><br>11.18           | 2001-02, 2002-03,<br>2003-04, 2004-05,<br>2005-06, 2006-07,<br>2007-08, 2008-09,<br>2009-10, 2010-11,<br>2011-12, 2012-13<br>2004-05, 2005-06,<br>2006-07, 2007-08,<br>2008-09, 2009-10,<br>2010-11   | Commissioner (Appeals)<br><br>Customs, Excise & Service<br>Tax Appellate Tribunal                  |
| Customs Act, 1962               | Customs Duty   | 3.43<br>2.46                 | 1999-2000<br>2006-07  | High Court<br>Customs, Excise & Service<br>Appellate Tribunal                                      |

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the Balance Sheet date.

- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Kolkata  
February 5, 2014

For **Lovelock & Lewes**  
Firm Registration Number 301056E  
Chartered Accountants  
**Pinaki Chowdhury**  
*Partner*  
Membership Number 57572

# Balance Sheet

As at 31st December 2013

(Rs. in Million)

|                                     | Note | As at<br>31st December<br>2013 | As at<br>31st December<br>2012 |
|-------------------------------------|------|--------------------------------|--------------------------------|
| <b>EQUITY AND LIABILITIES</b>       |      |                                |                                |
| <b>Shareholders' Funds</b>          |      |                                |                                |
| Share Capital                       | 1    | 91.79                          | 91.79                          |
| Reserves and Surplus                | 2    | 2,821.97                       | 2,739.56                       |
|                                     |      | <b>2,913.76</b>                | 2,831.35                       |
| <b>Non-current Liabilities</b>      |      |                                |                                |
| Deferred Tax Liabilities (Net)      | 3    | 86.92                          | 82.14                          |
| Long-term Provisions                | 4    | 16.44                          | 17.29                          |
|                                     |      | <b>103.36</b>                  | 99.43                          |
| <b>Current Liabilities</b>          |      |                                |                                |
| Short-term Borrowings               | 5    | 232.88                         | 340.38                         |
| Trade Payables                      | 6    | 883.91                         | 802.72                         |
| Other Current Liabilities           | 7    | 294.37                         | 429.76                         |
| Short-term Provisions               | 8    | 46.10                          | 45.14                          |
|                                     |      | <b>1,457.26</b>                | 1,618.00                       |
| <b>TOTAL</b>                        |      | <b>4,474.38</b>                | 4,548.78                       |
| <b>ASSETS</b>                       |      |                                |                                |
| <b>Non-current Assets</b>           |      |                                |                                |
| <b>Fixed Assets</b>                 |      |                                |                                |
| Tangible Assets                     | 9    | 933.79                         | 916.90                         |
| Intangible Assets                   | 10   | 35.57                          | 33.88                          |
| Capital Work-in-progress            |      | 6.33                           | 67.58                          |
|                                     |      | <b>975.69</b>                  | 1,018.36                       |
| <b>Non Current Investments</b>      | 11   | —                              | —                              |
| <b>Long-term Loans and Advances</b> | 12   | 33.12                          | 34.59                          |
| <b>Current Assets</b>               |      |                                |                                |
| Inventories                         | 13   | 1,083.94                       | 1,145.40                       |
| Trade Receivables                   | 14   | 2,026.67                       | 2,023.39                       |
| Cash and Bank Balances              | 15   | 64.00                          | 49.01                          |
| Short-term Loans and Advances       | 16   | 285.59                         | 272.12                         |
| Other Current Assets                | 17   | 5.37                           | 5.91                           |
|                                     |      | <b>3,465.57</b>                | 3,495.83                       |
| <b>TOTAL</b>                        |      | <b>4,474.38</b>                | 4,548.78                       |

The accompanying notes are an integral part of these Financial Statements.

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

On behalf of the Board

**For Lovelock and Lewes**

Firm Registration Number - 301056E  
Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number: 57572  
Kolkata, 5th February 2014

**Sandip Chatterjee**

Chief Finance Officer

**Samir Bhaumik**  
Managing Director

**Bhaskar Nath Ghosh**  
Director

**Timir Baran Chatterjee**

Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
Kolkata, 5th February 2014

# Statement of Profit & Loss

For the year ended 31st December 2013

(Rs. in Million)

|   | Note | Year ended<br>31st December<br>2013 | Year ended<br>31st December<br>2012 |
|---|------|-------------------------------------|-------------------------------------|
| <b>REVENUE</b>  |      |                                     |                                     |
| Revenue from Sale of Products (Gross)   |      | 7,918.36                            | 7,932.79                            |
| Less: Excise Duty   |      | 831.72                              | 808.93                              |
|   |      | <u>7,086.64</u>                     | <u>7,123.86</u>                     |
| Other Operating Revenues  | 18   | 30.40                               | 36.05                               |
| Revenue from Operations (Net)   |      | 7,117.04                            | 7,159.91                            |
| Other Income  | 19   | 8.94                                | 4.43                                |
| <b>TOTAL REVENUE</b>  |      | <u>7,125.98</u>                     | <u>7,164.34</u>                     |
| <b>EXPENSES</b>   |      |                                     |                                     |
| Cost of Materials Consumed  | 20   | 5,004.23                            | 5,063.58                            |
| Purchases of Stock-in-Trade   |      | 338.76                              | 302.91                              |
| Changes in Inventories of Finished Goods  | 21   | 8.11                                | (17.09)                             |
| Work-in-Progress and Stock-in-Trade   |      |                                     |                                     |
| Employee Benefits Expense   | 22   | 439.45                              | 434.34                              |
| Finance Costs   | 23   | 44.73                               | 54.04                               |
| Depreciation and Amortisation Expense   | 25   | 121.86                              | 100.90                              |
| Other Expenses  | 24   | 1,048.86                            | 910.74                              |
| <b>TOTAL EXPENSES</b>   |      | <u>7,006.00</u>                     | <u>6,849.42</u>                     |
| Profit Before Tax   |      | 119.98                              | 314.92                              |
| Tax Expense   |      |                                     |                                     |
| Current Tax for the Year (Note 29)  |      | 32.00                               | 87.04                               |
| Current Tax   |      |                                     |                                     |
| – Write Back relating to Earlier years  |      | (42.17)                             | —                                   |
| – Deferred Tax  |      | 4.78                                | 12.93                               |
| Profit for the Year   |      | <u>125.37</u>                       | <u>214.95</u>                       |
| Earnings per Equity Share [Nominal Value per Share Rs. 10 (2012: Rs. 10)] (Note 44) |      |                                     |                                     |
| – Basic and Diluted (Rs.)   |      | 13.66                               | 23.42                               |

The accompanying notes are an integral part of these Financial Statements.

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

On behalf of the Board

**For Lovelock and Lewes**

Firm Registration Number - 301056E  
Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number: 57572  
Kolkata, 5th February 2014

**Sandip Chatterjee**

Chief Finance Officer

**Samir Bhaumik**  
Managing Director

**Bhaskar Nath Ghosh**  
Director

**Timir Baran Chatterjee**  
Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
Kolkata, 5th February 2014

# Notes to the Financial Statements

|   | As at<br>31st December<br>2013<br>(No. of Shares) | As at<br>31st December<br>2013<br>(Rs. in Million) | As at<br>31st December<br>2012<br>(No. of Shares) | As at<br>31st December<br>2012<br>(Rs. in Million) |
|---|---|--|---|--|
| <b>Note 1</b>                             |   |  |   |  |
| <b>SHARE CAPITAL</b>                      |   |  |   |  |
| <b>Authorised</b>                         |   |  |   |  |
| Equity Shares of Rs.10.00 each            | 15,000,000  | 150.00   | 15,000,000  | 150.00   |
| <b>Issued, Subscribed and Paid up</b>     |   |  |   |  |
| Equity Shares of Rs 10.00 each fully paid | 9,178,977   | 91.79  | 9,178,977   | 91.79  |
|   | <b>9,178,977</b>                                  | <b>91.79</b>                                       | <b>9,178,977</b>                                  | <b>91.79</b>                                       |

- (a) Rights, preferences and restrictions attached to Equity Shares:

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

|   | As at<br>31st December<br>2013<br>(No. of Shares) | As at<br>31st December<br>2013<br>(% of holding) | As at<br>31st December<br>2012<br>(No. of Shares) | As at<br>31st December<br>2012<br>(% of holding) |
|---|---|--|---|--|
| <b>(b) Shares held by the Holding Company</b>   |   |  |   |  |
| DIC Asia Pacific Pte. Limited   | 6,586,077   | 71.75  | 6,586,077   | 71.75  |
| <b>(c) Shareholders holding more than 5% of the Shares in the Company</b>   |   |  |   |  |
| DIC Asia Pacific Pte. Limited   | 6,586,077   | 71.75  | 6,586,077   | 71.75  |
| <b>(d) There were no shares issued pursuant to contracts without payment being received in cash, by way of bonus issue and no shares were bought back in the period of five years immediately preceding the date as at which the Balance Sheet is prepared.</b> |   |  |   |  |

## Notes to the Financial Statements

(Rs. in Million)

|  | As at<br>31st December<br>2013 | As at<br>31st December<br>2012 |
|--|--------------------------------|--------------------------------|
| <b>Note 2</b>  |                                |                                |
| <b>RESERVES AND SURPLUS</b>  |                                |                                |
| <b>Capital Reserve</b>   |                                |                                |
| At the beginning and at the end of the year                                  | 0.05                           | 0.05                           |
| <b>Securities Premium Account</b>  |                                |                                |
| At the beginning and at the end of the year                                  | 654.81                         | 654.81                         |
| <b>General Reserve</b>   |                                |                                |
| At the beginning of the year   | 641.86                         | 620.37                         |
| Add: Transfer from Surplus in Statement of Profit and Loss                   | 12.54                          | 21.49                          |
| At the end of the year   | 654.40                         | 641.86                         |
| <b>Surplus in Statement of Profit and Loss</b>                               |                                |                                |
| At the beginning of the year   | 1,442.84                       | 1,292.06                       |
| Add: Profit for the year   | 125.37                         | 214.95                         |
| Amount available for appropriation   | 1,568.21                       | 1,507.01                       |
| Less: Appropriation:   |                                |                                |
| Transfer to General Reserve  | 12.54                          | 21.49                          |
| Proposed Dividend on Equity Shares<br>[ Rs. 4.00 (2012: Rs. 4.00) per share] | 36.72                          | 36.72                          |
| Dividend Distribution Tax on Proposed Dividend                               | 6.24                           | 5.96                           |
| At the end of the year   | 1,512.71                       | 1,442.84                       |
|  | <u>2,821.97</u>                | <u>2,739.56</u>                |
| <b>Note 3</b>  |                                |                                |
| <b>DEFERRED TAX LIABILITIES (NET)</b>  |                                |                                |
| <b>Deferred Tax Liabilities</b>  |                                |                                |
| Depreciation   | 106.52                         | 89.79                          |
| <b>Deferred Tax Assets</b>   |                                |                                |
| Employees' Separation Costs  | 5.01                           | 1.55                           |
| Provision for Doubtful Debts   | 8.61                           | 0.91                           |
| Expenses allowable for tax purpose on payment                                | 5.98                           | 5.19                           |
|  | 19.60                          | 7.65                           |
|  | <u>86.92</u>                   | <u>82.14</u>                   |

## Notes to the Financial Statements

(Rs. in Million)

|   | As at<br>31st December<br>2013 | As at<br>31st December<br>2012 |
|---|--------------------------------|--------------------------------|
| <b>Note 4</b>   |                                |                                |
| <b>LONG TERM PROVISIONS</b>   |                                |                                |
| <b>Provision for Employee Benefits</b>  |                                |                                |
| Retirement Benefit  | 4.95                           | 5.44                           |
| Leave Encashment  | 11.49                          | 11.85                          |
|   | <u>16.44</u>                   | <u>17.29</u>                   |
| <b>Note 5</b>   |                                |                                |
| <b>SHORT TERM BORROWINGS</b>  |                                |                                |
| <b>Secured Loans</b>  |                                |                                |
| Loans repayable on demand:  |                                |                                |
| From Banks*   |                                |                                |
| Cash Credit / Overdraft   | 32.88                          | 110.38                         |
| <b>Unsecured Loans</b>  |                                |                                |
| Loan repayable on demand:   |                                |                                |
| From a Bank   |                                |                                |
| Working Capital Demand Loan   | 200.00                         | 230.00                         |
|   | <u>232.88</u>                  | <u>340.38</u>                  |
| * The Company's borrowings from the Consortium of Banks are secured by first pari pasu charge on Current Assets of the Company, both present and future.  |                                |                                |
| (a) Balance outstanding as at 31st December, 2013 in respect of Commercial Paper was Rs. Nil (2012: Rs. Nil). Maximum amount outstanding at any time during the year was Rs. 200.00 Million (2012: Rs. Nil) |                                |                                |
| <b>Note 6</b>   |                                |                                |
| <b>TRADE PAYABLES</b>   |                                |                                |
| Sundry Creditors  | 883.91                         | 802.72                         |
| (Refer Note 30 on Micro and Small Enterprises)  |                                |                                |
|   | <u>883.91</u>                  | <u>802.72</u>                  |
| <b>Note 7</b>   |                                |                                |
| <b>OTHER CURRENT LIABILITIES</b>  |                                |                                |
| Unpaid Dividend   | 1.52                           | 1.43                           |
| <b>Other Payables</b>   |                                |                                |
| Payable for Purchase of Fixed Assets  | 47.43                          | 81.81                          |
| Payable to Government Authorities   | 28.39                          | 35.92                          |
| Advance from Customers  | 4.79                           | 8.97                           |
| Employee Related Liabilities  | 35.14                          | 64.99                          |
| Royalty Liability to Related Parties  | 46.94                          | 84.79                          |
| Dealer Deposits   | 31.51                          | 25.76                          |
| Interest Payable  | 11.66                          | 17.53                          |
| Directors' Commission Payable   | 1.51                           | 1.57                           |
| Sales Commission and Discount Liabilities   | 85.48                          | 106.99                         |
|   | <u>294.37</u>                  | <u>429.76</u>                  |
| <b>Note 8</b>   |                                |                                |
| <b>SHORT TERM PROVISIONS</b>  |                                |                                |
| <b>Provision for Employee Benefits</b>  |                                |                                |
| Leave Encashment  | 2.63                           | 2.09                           |
| Retirement Benefit  | 0.51                           | 0.37                           |
| <b>Other</b>  |                                |                                |
| Proposed Dividend on Equity Shares  | 36.72                          | 36.72                          |
| Dividend Distribution Tax on Proposed Dividend  | 6.24                           | 5.96                           |
|   | <u>46.10</u>                   | <u>45.14</u>                   |



## Notes to the Financial Statements

(Rs. in Million)

### Note 9

#### TANGIBLE ASSETS

| Particulars            | Gross Block           |                          |                           |                       | Depreciation/ Amortisation |               |                           |                  | Net Block        |                  |
|------------------------|-----------------------|--------------------------|---------------------------|-----------------------|----------------------------|---------------|---------------------------|------------------|------------------|------------------|
|                        | Cost as at 01.01.2013 | Addition during the year | Disposals during the year | Cost as at 31.12.2013 | As at 01.01.2013           | For the year  | Disposals during the year | As at 31.12.2013 | As at 31.12.2013 | As at 31.12.2012 |
| Land-Freehold          | 9.08                  | —                        | —                         | 9.08                  | —                          | —             | —                         | —                | 9.08             | 9.08             |
| Land-Leasehold         | 17.47                 | —                        | —                         | 17.47                 | 4.65                       | 0.45          | —                         | 5.10             | 12.37            | 12.82            |
| Buildings              | 233.21                | 24.85                    | 0.13                      | 257.93                | 99.86                      | 10.94         | 0.12                      | 110.68           | 147.25           | 133.35           |
| Plant and Equipments   | 1,339.13              | 100.96                   | 2.99                      | 1,437.10              | 594.09                     | 94.37         | 1.79                      | 686.67           | 750.43           | 745.04           |
| Furniture and Fixtures | 23.65                 | 1.86                     | 0.08                      | 25.43                 | 17.05                      | 1.45          | 0.07                      | 18.43            | 7.00             | 6.60             |
| Vehicles               | 2.40                  | 0.06                     | 0.30                      | 2.16                  | 1.68                       | 0.15          | 0.25                      | 1.58             | 0.58             | 0.72             |
| Office Equipments      | 9.27                  | 0.46                     | 0.34                      | 9.39                  | 6.82                       | 0.39          | 0.27                      | 6.94             | 2.45             | 2.45             |
| Computers              | 53.70                 | 0.79                     | 2.36                      | 52.13                 | 46.86                      | 2.98          | 2.34                      | 47.50            | 4.63             | 6.84             |
| <b>Total</b>           | <b>1,687.91</b>       | <b>128.98</b>            | <b>6.20</b>               | <b>1,810.69</b>       | <b>771.01</b>              | <b>110.73</b> | <b>4.84</b>               | <b>876.90</b>    | <b>933.79</b>    | <b>916.90</b>    |
| Previous Year          | 1,456.87              | 250.02                   | 18.98                     | 1,687.91              | 694.54                     | 93.08         | 16.61                     | 771.01           | 916.90           |                  |

### Note 10

#### INTANGIBLE ASSETS

| Particulars                  | Gross Block           |                          |                           |                       | Depreciation/ Amortisation |              |                           |                  | Net Value        |                  |
|------------------------------|-----------------------|--------------------------|---------------------------|-----------------------|----------------------------|--------------|---------------------------|------------------|------------------|------------------|
|                              | Cost as at 01.01.2013 | Addition during the year | Disposals during the year | Cost as at 31.12.2013 | As at 01.01.2013           | For the year | Disposals during the year | As at 31.12.2013 | As at 31.12.2013 | As at 31.12.2012 |
| Computer Software - Acquired | 41.70                 | 12.82                    | —                         | 54.52                 | 7.82                       | 11.13        | —                         | 18.95            | 35.57            | 33.88            |
| <b>Total</b>                 | <b>41.70</b>          | <b>12.82</b>             | <b>—</b>                  | <b>54.52</b>          | <b>7.82</b>                | <b>11.13</b> | <b>—</b>                  | <b>18.95</b>     | <b>35.57</b>     | <b>33.88</b>     |
| Previous Year                | 20.04                 | 41.70                    | 20.04                     | 41.70                 | 20.04                      | 7.82         | 20.04                     | 7.82             | 33.88            |                  |

**As at  
31st December  
2013**

**As at  
31st December  
2012**

### Note 11

#### NON CURRENT INVESTMENTS (At Cost)

Long Term Investments- Unquoted

Other than Trade - Investment in Equity Instruments

|   |    |    |
|---|----|----|
| Magnum Tower Co-operative Housing Society Ltd.,<br>10 Equity shares of Rs. 50 each fully paid (Rs.500.00)*    | —# | —# |
| Sheffield Towers Co-operative Housing Society Ltd.,<br>5 Equity shares of Rs. 50 each fully paid (Rs.250.00)* | —# | —# |
| Mani Towers Flat Owners Association,<br>20 Equity Shares of Rs 10/- each fully paid (Rs.200.00)*              | —# | —# |
|   | —# | —# |

Aggregate Amount of Unquoted Investments

\* These investments relate to ownership flats included in fixed assets

# Figures are below the rounding off norm adopted by the Company

### Note 12

#### LONG TERM LOANS AND ADVANCES

Unsecured, Considered good

|                           |              |              |
|---------------------------|--------------|--------------|
| Capital Advances          | 3.29         | 0.53         |
| Security Deposits         | 27.69        | 30.83        |
| Employee Loans *          | 2.14         | 3.18         |
| Loan to a Related Party @ | —            | 0.05         |
|                           | <b>33.12</b> | <b>34.59</b> |

\* Includes amount due from an officer of the Company Rs. 0.18 Million (2012- Rs. 0.28 Million).

@ Includes amount due from a Director Rs. Nil (2012- Rs. 0.05 Million).

## Notes to the Financial Statements

(Rs. in Million)

|   | As at<br>31st December<br>2013 | As at<br>31st December<br>2012 |
|---|--------------------------------|--------------------------------|
| <b>Note 13</b>  |                                |                                |
| <b>INVENTORIES</b>  |                                |                                |
| <b>(At lower of Cost and Net Realizable Value)</b>  |                                |                                |
| Raw Materials [includes in transit<br>Rs. 0.48 Million; (2012 : Rs. 4.94 Million)]            | 496.21                         | 542.53                         |
| Work-in-Progress [includes in transit<br>Rs. 7.50 Million; (2012: Rs. 4.06 Million)]          | 124.46                         | 150.12                         |
| Finished Goods [includes in transit<br>Rs. 66.42 Million; (2012: Rs. 32.64 Million)]          | 372.25                         | 349.98                         |
| Stock-in-Trade [includes in transit<br>Rs. 4.24 Million; (2012: Rs. Nil)]                     | 50.81                          | 64.02                          |
| Stores and Spares [includes in transit<br>Rs. Nil; (2012: Rs. 0.01 Million)]                  | 14.58                          | 15.77                          |
| Containers [includes in transit<br>Rs. 1.54 Million; (2012: Rs. 0.03 Million)]                | 25.63                          | 22.98                          |
|   | <u>1,083.94</u>                | <u>1,145.40</u>                |
| <b>Note 14</b>  |                                |                                |
| <b>TRADE RECEIVABLES</b>  |                                |                                |
| Debts outstanding for a period exceeding<br>six months from the date they are due for payment |                                |                                |
| Secured-Considered Good   | 0.47                           | 3.67                           |
| Unsecured-Considered Good   | 27.31                          | 49.66                          |
| Unsecured-Considered Doubtful   | 25.34                          | 2.81                           |
|   | <u>53.12</u>                   | 56.14                          |
| Less : Provision for Doubtful Debts   | 25.34                          | 2.81                           |
| Other Debts   |                                |                                |
| Secured-Considered Good   | 25.97                          | 20.58                          |
| Unsecured-Considered Good   | 1,972.92                       | 1,949.48                       |
|   | <u>2,026.67</u>                | <u>2,023.39</u>                |
| <b>Note 15</b>  |                                |                                |
| <b>CASH AND BANK BALANCES</b>   |                                |                                |
| <b>Cash and Cash Equivalents</b>  |                                |                                |
| Cash on hand  | 0.86                           | 0.64                           |
| Cheques on hand   | —                              | 0.68                           |
| Balances with Banks in Current Accounts   | 61.57                          | 46.26                          |
|   | <u>62.43</u>                   | <u>47.58</u>                   |
| <b>Other Bank Balances</b>  |                                |                                |
| Fixed Deposit Accounts (original maturity<br>of more than twelve months)                      | 0.05                           | —                              |
| Balances with Banks in Unpaid Dividend Accounts   | 1.52                           | 1.43                           |
|   | <u>64.00</u>                   | <u>49.01</u>                   |

## Notes to the Financial Statements

(Rs. in Million)

|   | <b>As at<br/>31st December<br/>2013</b> | <b>As at<br/>31st December<br/>2012</b> |
|---|---|---|
| <b>Note 16</b>  |   |   |
| <b>SHORT TERM LOANS AND ADVANCES</b>  |   |   |
| <b>Unsecured, Considered good</b>   |   |   |
| Loans and Advances to Related Parties [Note 41(ii)]#  | <b>6.50</b>                             | 3.27                                    |
| <b>Others</b>   |   |   |
| Advances/ Deposits with Government Authorities  | <b>158.80</b>                           | 130.36                                  |
| Supplier Advances   | <b>28.88</b>                            | 77.92                                   |
| Prepaid Expenses  | <b>9.13</b>                             | 9.99                                    |
| Loans/ Advances to Employees*   | <b>11.99</b>                            | 8.36                                    |
| Recoverable from Pension Fund   | <b>12.14</b>                            | 18.44                                   |
| Recoverable from Gratuity Fund  | <b>1.29</b>                             | 3.97                                    |
| Advance Payment of Current Tax<br>[Net of Provision Rs. 741.89 Million<br>(2012: Rs. 752.85 Million)] | <b>56.86</b>                            | 19.81                                   |
|   | <b>279.09</b>                           | 268.85                                  |
|   | <b>285.59</b>                           | 272.12                                  |

\* Includes amount due from an officer of the Company Rs. 0.10 Million (2012- Rs. 0.10 Million).

# Includes amount due from a Director Rs. 0.03 Million (2012- Rs. 0.11 Million).

|                                   | <b>As at<br/>31st December<br/>2013</b> | <b>As at<br/>31st December<br/>2012</b> |
|-----------------------------------|---|---|
| <b>Note 17</b>                    |   |   |
| <b>OTHER CURRENT ASSETS</b>       |   |   |
| <b>Unsecured, Considered Good</b> |   |   |
| Duty Drawback Receivable          | <b>2.21</b>                             | 2.07                                    |
| Insurance Claim Receivable        | <b>0.23</b>                             | 1.20                                    |
| Interest Receivable               | <b>2.93</b>                             | 0.23                                    |
| Other Receivable                  | <b>—</b>                                | 2.41                                    |
|                                   | <b>5.37</b>                             | 5.91                                    |

## Notes to the Financial Statements

(Rs. in Million)

|   | Year ended<br>31st December<br>2013 | Year ended<br>31st December<br>2012 |
|---|-------------------------------------|-------------------------------------|
| <b>Note 18</b>                              |                                     |                                     |
| <b>OTHER OPERATING REVENUES</b>             |                                     |                                     |
| Sale of Containers                          | 17.46                               | 18.34                               |
| Commission Income                           | 2.77                                | 1.30                                |
| Duty Drawback                               | 6.57                                | 7.29                                |
| Insurance Claim                             | 1.88                                | 4.94                                |
| Bad Debts Recovered                         | 0.50                                | 2.57                                |
| Special Additional Duty Claim Receipts      | 1.22                                | 1.61                                |
|   | <u>30.40</u>                        | <u>36.05</u>                        |
| <b>Note 19</b>                              |                                     |                                     |
| <b>OTHER INCOME</b>                         |                                     |                                     |
| Interest Income                             |                                     |                                     |
| On Loans and Deposits                       | 1.06                                | 0.45                                |
| From Income Tax Authorities                 | 2.70                                | —                                   |
|   | <u>3.76</u>                         | <u>0.45</u>                         |
| Management Fees                             | 1.80                                | 1.43                                |
| Provisions for Doubtful Debts written back  | 0.81                                | 2.55                                |
| Liabilities no longer required written back | 2.54                                | —                                   |
| Miscellaneous Receipts                      | 0.03                                | —                                   |
|   | <u>8.94</u>                         | <u>4.43</u>                         |
| <b>Note 20</b>                              |                                     |                                     |
| <b>COST OF MATERIALS CONSUMED</b>           |                                     |                                     |
| <b>Raw materials consumed</b>               |                                     |                                     |
| Opening Inventory                           | 542.53                              | 467.57                              |
| Add : Purchases                             | 4,640.31                            | 4,795.73                            |
| Less : Closing Inventory                    | 496.21                              | 542.53                              |
| Cost of Raw Materials consumed              | <u>4,686.63</u>                     | <u>4,720.77</u>                     |
| <b>Container consumption</b>                |                                     |                                     |
| Opening Inventory                           | 22.98                               | 19.79                               |
| Add : Purchases                             | 320.25                              | 346.00                              |
| Less : Closing Inventory                    | 25.63                               | 22.98                               |
| Cost of Containers consumed                 | <u>317.60</u>                       | <u>342.81</u>                       |
|   | <u>5,004.23</u>                     | <u>5,063.58</u>                     |

## Notes to the Financial Statements

(Rs. in Million)

|  | Year ended<br>31st December<br>2013 | Year ended<br>31st December<br>2012 |
|--|-------------------------------------|-------------------------------------|
| <b>Note 21</b>   |                                     |                                     |
| <b>CHANGES IN INVENTORIES OF FINISHED GOODS,<br/>WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>                             |                                     |                                     |
| <b>Finished Goods</b>  |                                     |                                     |
| Opening Inventory  | 349.98                              | 369.11                              |
| Closing Inventory  | 372.25                              | 349.98                              |
|  | (22.27)                             | 19.13                               |
| <b>Work-in-Progress</b>  |                                     |                                     |
| Opening Inventory  | 150.12                              | 128.88                              |
| Closing Inventory  | 124.46                              | 150.12                              |
|  | 25.66                               | (21.24)                             |
| <b>Stock-in-Trade</b>  |                                     |                                     |
| Opening Inventory  | 64.02                               | 36.63                               |
| Closing Inventory  | 50.81                               | 64.02                               |
|  | 13.21                               | (27.39)                             |
| Excise Duties on Increase/ (Decrease) of Finished Goods  | (8.49)                              | 12.41                               |
|  | 8.11                                | (17.09)                             |
| <b>Note 22</b>   |                                     |                                     |
| <b>EMPLOYEE BENEFITS EXPENSE</b>   |                                     |                                     |
| Salaries and Wages*  | 347.91                              | 352.21                              |
| Contribution to Provident and Other Funds  | 44.23                               | 37.97                               |
| Staff Welfare Expenses   | 47.31                               | 44.16                               |
|  | 439.45                              | 434.34                              |
| * Includes payment on account of voluntary retirement scheme amounting to Rs. 15.10 Million (2012: Rs. 3.61 Million) |                                     |                                     |
| <b>Note 23</b>   |                                     |                                     |
| <b>FINANCE COSTS</b>   |                                     |                                     |
| Interest Expenses <sup>@</sup>   | 44.04                               | 53.38                               |
| Other Borrowing Costs  | 0.69                                | 0.66                                |
|  | 44.73                               | 54.04                               |
| <sup>@</sup> Includes interest on Income tax amounting to Rs. 1.63 Million (2012: Rs. Nil)                           |                                     |                                     |
| <b>Note 24</b>   |                                     |                                     |
| <b>OTHER EXPENSES</b>  |                                     |                                     |
| Consumption of Stores and Spare Parts (Note 33)  | 71.22                               | 75.30                               |
| Power and Fuel   | 151.71                              | 126.77                              |
| Rent (Note 28)   | 27.54                               | 24.47                               |
| Repairs to Buildings   | 6.48                                | 6.59                                |
| Repairs to Machinery   | 34.44                               | 31.81                               |
| Other Repairs  | 5.71                                | 8.82                                |
| Insurance  | 18.74                               | 19.76                               |
| Rates and Taxes, excluding taxes on income   | 55.54                               | 57.54                               |
| Selling Agents' Commission   | 68.81                               | 61.55                               |
| Travelling Expenses  | 26.25                               | 32.50                               |
| Despatching Expenses   | 238.82                              | 190.81                              |
| Processing Charges   | 46.13                               | 71.57                               |
| Royalty  | 95.79                               | 94.57                               |
| Net Loss on Foreign Currency Transaction and Translation   | 22.37                               | 2.74                                |
| Provision for Doubtful Debts   | 23.34                               | —                                   |
| Bad Debts written off  | 9.50                                | 2.97                                |
| Auditors' Remuneration (Note 34)   | 3.65                                | 3.67                                |
| Loss on disposal of Tangible Fixed Assets  | 0.28                                | 0.52                                |
| Miscellaneous expenses   | 142.54                              | 98.78                               |
|  | 1,048.86                            | 910.74                              |

## Notes to the Financial Statements

(Rs. in Million)

## Note 25

## DEPRECIATION AND AMORTISATION EXPENSE

|                                   | Year ended<br>31st December<br>2013 | Year ended<br>31st December<br>2012 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Depreciation on Tangible Assets   | 110.28                              | 92.63                               |
| Amortisation on Leasehold Land    | 0.45                                | 0.45                                |
| Amortisation on Intangible Assets | 11.13                               | 7.82                                |
|                                   | <u>121.86</u>                       | <u>100.90</u>                       |

## 26. (a) Commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) Rs. 3.13 Million (2012- Rs. 15.70 Million)

## (b) Contingent Liabilities

## Claims against the Company not acknowledged as debt :

- i) Income Tax matters Rs.19.99 Million (2012 - Rs. 20.39 Million) pending in appeals.
- ii) Disputed Indirect Tax matters for which appeals before the relevant authorities are pending disposal are as follows :
  - a) Custom Duty matters Rs.2.45 Million (2012 - Rs.9.31 Million)
  - b) Excise Duty matters Rs.46.93 Million (2012 - Rs.45.02 Million)
  - c) Service Tax matters Rs.38.39 Million (2012 - Rs.37.10 Million)
  - d) Sales Tax / VAT matters Rs.25.12 Million (2012 - Rs.202.12 Million)
- iii) Rent under dispute Rs. 1.99 Million (2012 - Rs. Nil) pending in appeals.

In respect of above, it is not practicable for the Company to estimate the timings of cash outflows, if any, pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities.

## 27. Derivative Instruments and Unhedged Foreign Currency Exposure

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

(in Million)

| Currency Exchange | As at 31st December 2013 |       |         | As at 31st December 2012 |      |        |
|-------------------|--------------------------|-------|---------|--------------------------|------|--------|
|                   | Sell                     | Buy   | Net     | Sell                     | Buy  | Net    |
| USD               | —                        | 0.65  | (0.65)  | —                        | 0.49 | (0.49) |
| EURO              | —                        | 0.15  | (0.15)  | —                        | 0.05 | (0.05) |
| JPY               | —                        | 10.00 | (10.00) | —                        | 1.50 | (1.50) |
| GBP               | —                        | 0.10  | (0.10)  | —                        | —    | —      |

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

(in Million)

| Currency Exchange | As at 31st December 2013 |        |          | As at 31st December 2012 |       |         |
|-------------------|--------------------------|--------|----------|--------------------------|-------|---------|
|                   | Sell                     | Buy    | Net      | Sell                     | Buy   | Net     |
| USD               | 1.16                     | 1.46   | (0.30)   | 1.04                     | 2.63  | (1.59)  |
| EURO              | 0.10                     | 0.25   | (0.15)   | 0.23                     | 0.55  | (0.32)  |
| JPY               | —                        | 150.17 | (150.17) | —                        | 67.27 | (67.27) |
| GBP               | —                        | 0.20   | (0.20)   | 0.01                     | 0.13  | (0.12)  |
| CHF               | *                        | —      | *        | —                        | 0.58  | (0.58)  |

\* Figures are below the rounding off norm adopted by the Company

## 28. Assets acquired under Operating Lease

- (a) The Company's significant leasing arrangements are in respect of operating leases for premises (like residential property, office premises, stores, godowns etc). These leasing arrangements, which are cancellable, range between 11 months to 4 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals in this regard amounting to Rs.23.80 Million (2012 - Rs.19.33 Million) are charged as Rent under Note 24.

## Notes to the Financial Statements

- (b) The Company acquired certain assets under Operating lease, which are non-cancellable for a period of 4 years with option to renew the same for a further period at a minimum rent. Details of Lease payments outstanding as at 31st December 2013 are given below:

|   | <b>2013</b>             | 2012             |
|---|-------------------------|------------------|
|   | <b>(Rs. in Million)</b> | (Rs. in Million) |
| Not later than one year   | <b>2.32</b>             | 3.05             |
| Later than one year and not later than five years                         | <b>1.72</b>             | 2.23             |
| <br>  |                         |                  |
| Lease Payment recognised in the Statement of Profit and Loss<br>(Note 24) | <b>3.74</b>             | 5.14             |

### 29. Provision for Taxation

Provision for taxation made in these accounts is based on the profit for the current financial period including the results of the operations for the period from 1st January 2013 to 31st March 2013 forming part of the assessment year 2013-2014. Ultimate liability for taxation for the assessment year 2014-2015 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 2014 as one composite income.

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

|  | <b>2013</b>             | 2012             |
|--|-------------------------|------------------|
|  | <b>(Rs. in Million)</b> | (Rs. in Million) |
| (i) The Principal amount and Interest due thereon remaining unpaid to any supplier   |                         |                  |
| Principal  | <b>30.84</b>            | 46.48            |
| Interest   | —                       | —                |
| (ii) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during the year  |                         |                  |
| Principal  | <b>7.58</b>             | 169.64           |
| Interest   | <b>4.51</b>             | —                |
| (iii) The amount of interest due and payable for principal paid during the year beyond the appointed day but without adding interest specified under MSMED   |                         |                  |
| Principal  | <b>1.85</b>             | 169.64           |
| Interest   | <b>0.02</b>             | 2.79             |
| (iv) The amount of interest accrued and remaining unpaid at the end of the accounting year [including Rs.4.01 Million (2012 - Rs.5.59 Million) being interest outstanding as at the beginning of the accounting year]  | <b>4.03</b>             | 8.38             |
| (v) The amount of further interest remaining due and payable even in the succeeding years, untill such date when the interest due on above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006 | <b>0.02</b>             | 2.79             |

Note :

- (1) The above particulars, as applicable, have been given in respect of Micro and Small Enterprises to the extent they could be identified on the basis of the information available with the Company.

## Notes to the Financial Statements

## 31. (a) Raw Materials Consumed

| Class of Goods          | 2013<br>(Rs. in Million) | 2012<br>(Rs. in Million) |
|-------------------------|--------------------------|--------------------------|
| Pigments                | 1,402.05                 | 1,360.17                 |
| Resins                  | 1,173.06                 | 1,044.96                 |
| Oil                     | 655.04                   | 787.47                   |
| Solvents                | 1,041.21                 | 1,019.59                 |
| Miscellaneous Chemicals | 379.52                   | 477.71                   |
| Rubber Blanket          | 35.75                    | 30.87                    |
| <b>TOTAL</b>            | <b>4,686.63</b>          | <b>4,720.77</b>          |

## (a) Details relating to Closing Stock of Raw Materials

| Class of Goods          | 2013<br>(Rs. in Million) | 2012<br>(Rs. in Million) |
|-------------------------|--------------------------|--------------------------|
| Pigments                | 176.25                   | 161.57                   |
| Resins                  | 148.40                   | 227.94                   |
| Oil                     | 10.22                    | 14.43                    |
| Solvents                | 52.94                    | 55.15                    |
| Miscellaneous Chemicals | 75.30                    | 61.61                    |
| Rubber Blanket          | 33.10                    | 21.83                    |
| <b>TOTAL</b>            | <b>496.21</b>            | <b>542.53</b>            |

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

(Rs. in Million)

|                      | Opening Stock             | Closing Stock             | Sales                         |
|----------------------|---------------------------|---------------------------|-------------------------------|
| Printing Inks        | 341.52<br>(351.06)        | 344.46<br>(341.52)        | 7,025.01<br>(7,220.84)        |
| Press Room Chemicals | 0.42<br>(0.77)            | 0.52<br>(0.42)            | 3.42<br>(5.57)                |
| Rubber Blankets      | 1.92<br>(0.71)            | 2.82<br>(1.92)            | 51.71<br>(50.23)              |
| Lamination Adhesive* | 6.12<br>(16.57)           | 24.45<br>(6.12)           | 448.63<br>(357.85)            |
| <b>TOTAL</b>         | <b>349.98</b><br>(369.11) | <b>372.25</b><br>(349.98) | <b>7,528.77</b><br>(7,634.49) |

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

Figures within brackets relate to previous year.

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

(Rs. in Million)

| Class of Goods | Opening Stock           | Purchase                  | Sales                     | Closing Stock           |
|----------------|-------------------------|---------------------------|---------------------------|-------------------------|
| Press Aid      | 19.29<br>(15.92)        | 74.08<br>(89.12)          | 83.97<br>(86.49)          | 17.89<br>(19.29)        |
| Printing Inks  | 13.42<br>(9.93)         | 122.83<br>(86.56)         | 117.87<br>(97.05)         | 19.98<br>(13.42)        |
| Chemicals      | 31.30<br>(10.78)        | 88.59<br>(109.41)         | 130.17<br>(98.48)         | 12.94<br>(31.30)        |
| Machine        | —<br>—                  | —<br>(0.96)               | —<br>(0.53)               | —<br>—                  |
| Others         | 0.01<br>—               | 53.26<br>(16.86)          | 57.58<br>(15.75)          | —<br>(0.01)             |
| <b>TOTAL</b>   | <b>64.02</b><br>(36.63) | <b>338.76</b><br>(302.91) | <b>389.59</b><br>(298.30) | <b>50.81</b><br>(64.02) |

Figures within brackets relate to previous year.



## Notes to the Financial Statements

|  | 2013<br>(Rs. in Million)  | 2012<br>(Rs. in Million)  |
|--|---------------------------|---------------------------|
| <b>(iii) Details of Work-in-Progress :</b>   |                           |                           |
| Printing Inks  | 120.59                    | 129.64                    |
| Lamination Adhesive  | 3.87                      | 20.48                     |
|  | <b>124.46</b>             | <b>150.12</b>             |
| <b>33. Consumption of Stores and Spare Parts</b>   |                           |                           |
| Consumption of Stores and Spare parts debited to various heads included in Note 24 are as follows: |                           |                           |
| (i) Repairs to Machinery   | 3.82                      | 7.49                      |
| (ii) Consumption of Stores and Spare Parts   | 71.22                     | 75.30                     |
| (iii) Power and Fuel   | 45.72                     | 27.93                     |
|  | <b>120.76</b>             | <b>110.72</b>             |
| <b>34. Aggregate amount paid/ payable to the Auditors</b>  |                           |                           |
| (i) Audit Fees   | 1.50                      | 1.50                      |
| (ii) Tax Audit   | 0.75                      | 0.35                      |
| (iii) Other Matters  | 1.21                      | 1.36                      |
| (iv) Out of Pocket Expenses  | 0.19                      | 0.05                      |
| (v) Service Tax and Education Cess (net of cenvat credit)  | —                         | 0.41                      |
|  | <b>3.65</b>               | <b>3.67</b>               |
| <b>35. CIF Value of Imports</b>  |                           |                           |
| Raw Materials  | 1,272.04                  | 1,681.67                  |
| Spare Parts  | 11.18                     | 4.06                      |
| Capital Goods  | 25.88                     | 55.05                     |
| Goods Traded-in  | 246.79                    | 210.45                    |
| <b>36. Expenditure in Foreign Currency on Account of</b>   |                           |                           |
| Royalty  | 95.79                     | 94.57                     |
| Others (includes bank charges, commission and travelling)  | 52.65                     | 20.34                     |
| <b>37. Details relating to Consumption</b>   |                           |                           |
|  | <b>2013</b>               | <b>2012</b>               |
|  | Value<br>(Rs. in Million) | Value<br>(Rs. in Million) |
|  | % of Total<br>Consumption | % of Total<br>Consumption |
| <b>(i) Raw Material</b>  |                           |                           |
| Imported   | 1,595.87                  | 1,363.93                  |
| Indigenous   | 3,090.76                  | 3,356.84                  |
| Total  | <b>4,686.63</b>           | <b>4,720.77</b>           |
| <b>(ii) Containers</b>   |                           |                           |
| Imported   | 3.08                      | 3.13                      |
| Indigenous   | 314.52                    | 339.68                    |
| Total  | <b>317.60</b>             | <b>342.81</b>             |
| <b>(iii) Stores and Spare Parts</b>  |                           |                           |
| Imported   | 11.41                     | 13.53                     |
| Indigenous   | 109.35                    | 97.19                     |
| Total  | <b>120.76</b>             | <b>110.72</b>             |

## Notes to the Financial Statements

|   | <b>2013</b><br><b>(Rs. in Million)</b> | <b>2012</b><br><b>(Rs. in Million)</b> |  |
|---|--|--|--|
| <b>38. Amount remitted during the year in Foreign Currency on account of Dividend</b>                                       |  |  |  |
| Amount Remitted - (INR)<br><i>USD Value 0.48 Million (2012- USD 0.47 Million)</i>   | <b>26.34</b>                           | 26.34                                  |  |
| Year to which Dividend related  | <b>2012</b>                            | 2011                                   |  |
| Number of Non-Resident Shareholders   | <b>One</b>                             | One                                    |  |
| Number of shares held by Non-Resident Shareholder(s) on which the dividends were due  | <b>6,586,077</b>                       | 6,586,077                              |  |
|   | <b>2013</b><br><b>(Rs. in Million)</b> | <b>2012</b><br><b>(Rs. in Million)</b> |  |
| <b>39. Earnings in Foreign Exchange</b>   |  |  |  |
| Export of goods on FOB basis  | <b>469.10</b>                          | 332.42                                 |  |
| Management Fees   | <b>1.80</b>                            | 0.25                                   |  |
| Commission  | <b>2.77</b>                            | 1.17                                   |  |
| <b>40. Expenditure on Research and Development</b>  |  |  |  |
|   | <b>2013</b><br><b>(Rs. in Million)</b> | <b>2012</b><br><b>(Rs. in Million)</b> | <b>2011</b><br><b>(Rs. in Million)</b> |
| <b>(a) For the purpose of Section 35(2AB) of the Income Tax Act, 1961</b>   |  |  |  |
| Revenue Expenditure includes on account of Research and Development   | <b>21.80</b>                           | 23.63                                  | 16.50                                  |
| Capital Expenditure includes on account of Research and Development   | <b>17.43</b>                           | —                                      | 4.47                                   |
| <b>(b) For the purpose of Section 35 (2)(ia) of the Income Tax Act, 1961</b>  |  |  |  |
| Capital Expenditure includes on account of Research and Development   | <b>0.06</b>                            | 3.24                                   | 4.17                                   |
|   | <b>39.29</b>                           | 26.87                                  | 25.14                                  |
| <b>41. Related Parties Disclosures (in accordance with Accounting Standard 18 prescribed under the Companies Act, 1956)</b> |  |  |  |
| <b>(i) Related Parties</b>  |  |  |  |
| <b>Names of Related Parties</b>   | <b>Relationship</b>                    |  |  |
| <b>(A) Where control exists</b>   |  |  |  |
| DIC Corporation, Japan  | Ultimate Holding Company               |  |  |
| DIC Asia Pacific Pte Ltd., Singapore  | Holding Company                        |  |  |
| <b>(B) Others with whom transactions have taken place during the year</b>   |  |  |  |
| Benda-Lutz Werke GmbH   | Fellow Subsidiary                      |  |  |
| Coates Screen Inks GmbH.  | Fellow Subsidiary                      |  |  |
| DIC (Malaysia) Sdn. Bhd.  | Fellow Subsidiary                      |  |  |
| DIC (Shanghai) Co. Ltd.   | Fellow Subsidiary                      |  |  |
| DIC Alkylphenol Singapore Pte. Ltd.   | Fellow Subsidiary                      |  |  |
| DIC Australia Pty Ltd   | Fellow Subsidiary                      |  |  |
| DIC Compounds (Malaysia) Sdn. Bhd.  | Fellow Subsidiary                      |  |  |

## Notes to the Financial Statements

|  |                          |
|--|--------------------------|
| DIC Europe GmbH                          | Fellow Subsidiary        |
| DIC Fine Chemicals Private Limited       | Fellow Subsidiary        |
| DIC Graphics (Hong Kong) Ltd.            | Fellow Subsidiary        |
| DIC Lanka (Private) Ltd.                 | Fellow Subsidiary        |
| DIC Performance Resins GmbH              | Fellow Subsidiary        |
| Hartmann Druckfarben GmbH                | Fellow Subsidiary        |
| Nantong DIC Color Co. Ltd.               | Fellow Subsidiary        |
| P.T. Pardic Jaya Chemicals               | Fellow Subsidiary        |
| PT. DIC Graphics                         | Fellow Subsidiary        |
| Siam Chemical Industry Co. Ltd.          | Fellow Subsidiary        |
| Sun Chemical AG                          | Fellow Subsidiary        |
| Sun Chemical Group S.P.A.                | Fellow Subsidiary        |
| Sun Chemical N.V./S.A.                   | Fellow Subsidiary        |
| Sun Chemical ZAO                         | Fellow Subsidiary        |
| Deqing Dic Synthetic Resins Ltd.         | Fellow Subsidiary        |
| Sun Chemical Ltd.                        | Fellow Subsidiary        |
| Dr. P. K. Dutt (up to 31st March, 2012 ) | Key Management Personnel |
| Mr. Samir Bhaumik                        | Key Management Personnel |

## Notes to the Financial Statements

## (ii) Disclosure of transactions with related parties during the year and outstanding balances

(Rs. in Million)

| Particulars                             | Ultimate Holding Company | Holding Company    | Fellow Subsidiaries               | Key Management Personnel | Total              |
|---|--------------------------|--------------------|-----------------------------------|--------------------------|--------------------|
| <b>Transactions during the year</b>     |                          |                    |                                   |                          |                    |
| Purchases of Goods                      | 92.84<br>(56.25)         | 135.34<br>(166.21) | 266.02 <sup>(1)</sup><br>(283.13) | —<br>(—)                 | 494.20<br>(505.59) |
| Purchases of Fixed Assets               | 11.43<br>(—)             | —<br>(—)           | —<br>(—)                          | —<br>(—)                 | 11.43<br>(—)       |
| Maintenance Charges incurred            | —<br>(—)                 | 30.04<br>(—)       | —<br>(—)                          | —<br>(—)                 | 30.04<br>(—)       |
| Royalty Expense                         | 95.79<br>(94.57)         | —<br>(—)           | —<br>(—)                          | —<br>(—)                 | 95.79<br>(94.57)   |
| Sale of Products                        | 0.13<br>(0.02)           | —<br>(0.10)        | 120.88 <sup>(2)</sup><br>(88.32)  | —<br>(—)                 | 121.01<br>(88.44)  |
| Commission Income                       | 1.36<br>(1.17)           | —<br>(—)           | 1.41 <sup>(3)</sup><br>(—)        | —<br>(—)                 | 2.77<br>(1.17)     |
| Management Fee Income                   | —<br>(—)                 | 1.80<br>(—)        | —<br>(0.25)                       | —<br>(—)                 | 1.80<br>(0.25)     |
| Dividend Paid                           | —<br>(—)                 | 26.34<br>(26.34)   | —<br>(—)                          | —<br>(—)                 | 26.34<br>(26.34)   |
| Managerial Remuneration                 | —<br>(—)                 | —<br>(—)           | —<br>(—)                          | 7.42<br>(10.91)          | 7.42<br>(10.91)    |
| Reimbursement of Expenses               | —<br>(—)                 | 6.62<br>(3.70)     | 0.48 <sup>(4)</sup><br>(—)        | —<br>(—)                 | 7.10<br>(3.70)     |
| Advance Recovered                       | —<br>(—)                 | —<br>(—)           | —<br>(—)                          | 0.13<br>(—)              | 0.13<br>(—)        |
| <b>Outstanding as at the year end :</b> |                          |                    |                                   |                          |                    |
| Trade Payables                          | 17.31<br>(3.34)          | 68.38<br>(2.23)    | 58.30 <sup>(5)</sup><br>(80.32)   | —<br>(—)                 | 143.99<br>(85.89)  |
| Payable for Purchase of Fixed Assets    | 10.79<br>(—)             | 32.11<br>(41.70)   | —<br>(—)                          | —<br>(—)                 | 42.90<br>(41.70)   |
| Employee Related Liabilities            | —<br>(—)                 | —<br>(—)           | —<br>(—)                          | 0.80<br>(2.18)           | 0.80<br>(2.18)     |
| Royalty Liability                       | 46.94<br>(84.79)         | —<br>(—)           | —<br>(—)                          | —<br>(—)                 | 46.94<br>(84.79)   |
| Trade Receivables                       | —<br>(0.06)              | —<br>(—)           | 30.85 <sup>(6)</sup><br>(22.94)   | —<br>(—)                 | 30.85<br>(23.00)   |
| Long-term Loans and Advances            | —<br>(—)                 | —<br>(—)           | —<br>(—)                          | —<br>(0.05)              | —<br>(0.05)        |
| Short-term Loans and Advances           | 0.26<br>(—)              | 4.65<br>(3.16)     | 1.56 <sup>(7)</sup><br>(—)        | 0.03<br>(0.11)           | 6.50<br>(3.27)     |

Figures within brackets relate to previous year.

- Purchases of Goods from Fellow Subsidiaries include purchases from Hartmann Drukfarben GmBH Rs. 69.71 Million (2012- Rs. 42.38 Million), Nantong DIC Color Co. Ltd. Rs. 48.86 Million (2012- Rs. 71.49 Million), DIC Fine Chemicals Private Ltd. Rs.37.70 Million (2012 - Rs.30.81 Million) and Sun Chemical Group S.P.A Rs.27.54 Million (2012- Rs.5.23 Million).
- Sale of Products to Fellow Subsidiaries include sales to DIC Australia Pty Ltd. Rs. 59.22 Million (2012- Rs.50.72 Million) and Sun Chemical ZAO Rs. 39.40 Million (2012-Rs.11.83 Million).
- Commission Income from Fellow Subsidiaries include income from Sun Chemical N.V./S.A. Rs.1.38 Million (2012 - Rs. 0.25 Million)
- Reimbursement of Expenses from Fellow Subsidiaries include reimbursement from Siam Chemical Industry Co.Ltd Rs.0.48 Million (2012 - Rs. NIL)
- Trade Payables from Fellow Subsidiaries include payable to DIC Fine Chemicals Private Limited Rs. 23.05 Million (2012 - Rs. 24.18 Million) and DIC Graphics (Hong Kong) Ltd. Rs. 10.45 Million (2012 - Rs. Nil).
- Trade Receivable from Fellow Subsidiaries include receivable from DIC Australia Pty Ltd. Rs. 16.47 Million (2012 - Rs. 15.27 Million) and Sun Chemical ZAO Rs. 11.99 Million (2012 - Rs. Nil).
- Short-term Loans and Advances to Fellow Subsidiaries include receivable from Sun Chemical N.V./S.A. Rs. 1.08 Million (2012 - Rs. Nil) and Siam Chemical Industry Co. Ltd. Rs. 0.48 Million (2012 - Rs. Nil).

## Notes to the Financial Statements

### 42. Segment Reporting

Information about Primary Business Segments

(Rs. in Million)

|   | Printing Ink    |                 | Adhesive      |               | Total           |                 |
|---|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
|   | 2013            | 2012            | 2013          | 2012          | 2013            | 2012            |
| <b>REVENUE</b>  |                 |                 |               |               |                 |                 |
| External Sales  | 6,673.27        | 6,802.14        | 413.37        | 321.72        | 7,086.64        | 7,123.86        |
| <b>Total Revenue</b>  | <b>6,673.27</b> | <b>6,802.14</b> | <b>413.37</b> | <b>321.72</b> | <b>7,086.64</b> | <b>7,123.86</b> |
| <b>RESULTS</b>  |                 |                 |               |               |                 |                 |
| Segment Results   | 198.52          | 369.02          | 35.46         | 31.91         | 233.98          | 400.93          |
| Unallocable Expenses  | —               | —               | —             | —             | (74.83)         | (33.85)         |
| Unallocable Income  | —               | —               | —             | —             | 5.56            | 1.88            |
| Finance Costs   | —               | —               | —             | —             | (44.73)         | (54.04)         |
| Tax Expense   | —               | —               | —             | —             | 5.39            | (99.97)         |
| <b>Profit for the year</b>                                    | <b>198.52</b>   | <b>369.02</b>   | <b>35.46</b>  | <b>31.91</b>  | <b>125.37</b>   | <b>214.95</b>   |
| <b>OTHER INFORMATION</b>                                      |                 |                 |               |               |                 |                 |
| Segment Assets  | 3,717.54        | 3,917.92        | 428.64        | 382.44        | 4,146.18        | 4,300.36        |
| Un-allocable Assets   | —               | —               | —             | —             | 328.20          | 248.42          |
| <b>Total Assets</b>   | <b>3,717.54</b> | <b>3,917.92</b> | <b>428.64</b> | <b>382.44</b> | <b>4,474.38</b> | <b>4,548.78</b> |
| Segment Liabilities   | 1,098.82        | 1,131.38        | 32.92         | 40.83         | 1,131.74        | 1,172.21        |
| Un-allocable Liabilities                                      | —               | —               | —             | —             | 428.88          | 545.22          |
| <b>Total Liabilities</b>                                      | <b>1,098.82</b> | <b>1,131.38</b> | <b>32.92</b>  | <b>40.83</b>  | <b>1,560.62</b> | <b>1,717.43</b> |
| Depreciation  | 94.31           | 86.66           | 15.48         | 6.60          | 109.79          | 93.26           |
| Un-allocable Depreciation                                     | —               | —               | —             | —             | 12.07           | 7.64            |
| <b>Total Depreciation</b>                                     | <b>94.31</b>    | <b>86.66</b>    | <b>15.48</b>  | <b>6.60</b>   | <b>121.86</b>   | <b>100.90</b>   |
| Capital Expenditure   | 59.50           | 130.58          | 9.42          | 51.74         | 68.92           | 182.32          |
| Un-allocable Capital Expenditure                              | —               | —               | —             | —             | 11.63           | 42.53           |
| <b>Total Capital Expenditure</b>                              | <b>59.50</b>    | <b>130.58</b>   | <b>9.42</b>   | <b>51.74</b>  | <b>80.55</b>    | <b>224.85</b>   |
| Non-Cash Expenditure other than Depreciation and Amortisation | 33.12           | 3.34            | —             | —             | 33.12           | 3.34            |

Notes:

- 1 The Company has considered business segment as the primary segment for disclosure. The components of this business segment are Printing Inks and Adhesives.
- 2 The Segment wise revenue, results, assets and liabilities relate to the respective amounts identifiable to each of the segments. Unallocable income/ expenses refers to income/ expenses which relate to the Company as a whole and are not allocable to segments on a reasonable basis.
- 3 The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

**Notes to the Financial Statements**

**43. Post Employment Defined Benefit Plans**

(a) The following table set forth the particulars in respect of Pension (Funded), Gratuity (Funded) and Retirement Benefit (Unfunded) Plans of the Company :

(i) Amount recognised in the Balance Sheet are as follows: (Rs. in Million)

|   |             | Pension       | Gratuity     | Retirement Benefit |
|---|-------------|---------------|--------------|--------------------|
| Present value of Defined Benefit Obligation                             | <b>2013</b> | <b>43.18</b>  | <b>88.30</b> | <b>5.46</b>        |
|   | 2012        | 50.18         | 84.99        | 5.81               |
|   | 2011        | 73.06         | 86.30        | 5.83               |
|   | 2010        | 75.15         | 82.07        | 5.92               |
|   | 2009        | 83.31         | 51.57        | 6.19               |
| Fair Value of Plan Assets   | <b>2013</b> | <b>55.32</b>  | <b>89.59</b> | —                  |
|   | 2012        | 68.62         | 88.96        | —                  |
|   | 2011        | 98.39         | 83.50        | —                  |
|   | 2010        | 105.50        | 65.77        | —                  |
|   | 2009        | 101.63        | 47.90        | —                  |
| Net Asset / (Liability)   | <b>2013</b> | <b>12.14</b>  | <b>1.29</b>  | <b>(5.46)</b>      |
|   | 2012        | 18.44         | 3.97         | (5.81)             |
|   | 2011        | 25.33         | (2.80)       | (5.83)             |
|   | 2010        | 30.35         | (16.30)      | (5.92)             |
|   | 2009        | 18.32         | (3.67)       | (6.19)             |
| Experience Adjustments of Plan Assets<br>[Gain/ (Loss) during the year] | <b>2013</b> | <b>0.99</b>   | <b>1.24</b>  | —                  |
|   | 2012        | (2.35)        | 0.18         | —                  |
|   | 2011        | (2.74)        | (2.08)       | —                  |
|   | 2010        | 7.90          | 2.71         | —                  |
|   | 2009        | —             | —            | —                  |
| Experience Adjustments of Obligations<br>[(Gain)/ Loss during the year] | <b>2013</b> | <b>(1.15)</b> | <b>5.09</b>  | <b>0.32</b>        |
|   | 2012        | 1.87          | 1.78         | 0.15               |
|   | 2011        | (4.99)        | (0.81)       | 0.70               |
|   | 2010        | (5.06)        | 27.06        | 0.02               |
|   | 2009        | —             | —            | —                  |

(ii) Amount recognised in the Statement of Profit and Loss are as follows: (Rs. in Million)

|                                |             | Pension       | Gratuity      | Retirement Benefit |
|--------------------------------|-------------|---------------|---------------|--------------------|
| Current Service Cost           | <b>2013</b> | —             | <b>4.90</b>   | <b>0.19</b>        |
|                                | 2012        | —             | 4.97          | 0.17               |
| Interest Cost                  | <b>2013</b> | <b>3.81</b>   | <b>6.58</b>   | <b>0.43</b>        |
|                                | 2012        | 5.23          | 7.09          | 0.49               |
| Expected Return on Plan Assets | <b>2013</b> | <b>(5.04)</b> | <b>(7.15)</b> | —                  |
|                                | 2012        | (7.29)        | (7.42)        | —                  |
| Actuarial Loss/(Gain)          | <b>2013</b> | <b>(0.16)</b> | <b>3.85</b>   | <b>0.32</b>        |
|                                | 2012        | 4.23          | 1.60          | 0.15               |
| <b>Total*</b>                  | <b>2013</b> | <b>(1.39)</b> | <b>8.18</b>   | <b>0.94</b>        |
|                                | 2012        | 2.17          | 6.24          | 0.81               |

\* Recognised under "Contribution to Provident and Other Funds" in Note 22 for Pension and Gratuity and under "Staff Welfare Expenses" in Note 22 for Retirement Benefit

## Additional Notes to the Financial Statements

### (iii) Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation

(Rs. in Million)

|  |             | Pension       | Gratuity       | Retirement Benefit |
|--|-------------|---------------|----------------|--------------------|
| Opening Present Value of Defined Benefit Obligation        | <b>2013</b> | <b>50.18</b>  | <b>84.99</b>   | <b>5.81</b>        |
|  | 2012        | 73.06         | 86.30          | 5.83               |
| Current Service Cost                                       | <b>2013</b> | <b>—</b>      | <b>4.90</b>    | <b>0.19</b>        |
|  | 2012        | —             | 4.97           | 0.17               |
| Interest Cost  | <b>2013</b> | <b>3.81</b>   | <b>6.58</b>    | <b>0.43</b>        |
|  | 2012        | 5.23          | 7.09           | 0.49               |
| Actuarial Loss/(Gain)                                      | <b>2013</b> | <b>(1.15)</b> | <b>5.09</b>    | <b>0.32</b>        |
|  | 2012        | 1.87          | 1.77           | 0.15               |
| Benefits Paid  | <b>2013</b> | <b>(9.66)</b> | <b>(13.26)</b> | <b>(1.29)</b>      |
|  | 2012        | (29.98)       | (15.14)        | (0.83)             |
| <b>Closing Present Value of Defined Benefit Obligation</b> | <b>2013</b> | <b>43.18</b>  | <b>88.30</b>   | <b>5.46</b>        |
|  | 2012        | 50.18         | 84.99          | 5.81               |

### (iv) Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets (Rs. in Million)

|  |             | Pension       | Gratuity       |
|--|-------------|---------------|----------------|
| Opening Fair Value of Plan Assets        | <b>2013</b> | <b>68.62</b>  | <b>88.96</b>   |
|  | 2012        | 98.39         | 83.50          |
| Expected Return on Plan Assets           | <b>2013</b> | <b>5.04</b>   | <b>7.15</b>    |
|  | 2012        | 7.29          | 7.42           |
| Actuarial Gain/ (Loss)                   | <b>2013</b> | <b>(0.99)</b> | <b>1.24</b>    |
|  | 2012        | (2.35)        | 0.18           |
| Contributions by Employer                | <b>2013</b> | <b>(7.69)</b> | <b>5.50</b>    |
|  | 2012        | (4.73)        | 13.00          |
| Benefits Paid                            | <b>2013</b> | <b>(9.66)</b> | <b>(13.26)</b> |
|  | 2012        | (29.98)       | (15.14)        |
| <b>Closing Fair Value of Plan Assets</b> | <b>2013</b> | <b>55.32</b>  | <b>89.59</b>   |
|  | 2012        | <b>68.62</b>  | <b>88.96</b>   |

### (v) Major Categories of Plan Assets as a percentage of Fair Value of the total Plan Assets:

|                              |             | Pension     | Gratuity    |
|------------------------------|-------------|-------------|-------------|
| Govt. of India Securities    | <b>2013</b> | <b>35%</b>  | <b>10%</b>  |
|                              | 2012        | 34%         | 13%         |
| PSU Bonds / State Securities | <b>2013</b> | <b>14%</b>  | <b>—</b>    |
|                              | 2012        | 12%         | 1%          |
| Corporate Bonds              | <b>2013</b> | <b>12%</b>  | <b>12%</b>  |
|                              | 2012        | 9%          | 12%         |
| Insurance Managed Funds      | <b>2013</b> | <b>39%</b>  | <b>78%</b>  |
|                              | 2012        | 45%         | 74%         |
| <b>Total</b>                 | <b>2013</b> | <b>100%</b> | <b>100%</b> |
|                              | 2012        | 100%        | 100%        |

## Additional Notes to the Financial Statements

### (vi) Principal Actuarial assumptions used:

|  |                      | 2013  | 2012                   |
|--|----------------------|---|------------------------|
| Discount rates                         |                      | 9.00%   | 8.40%                  |
| Expected rate of return on plan assets |                      | 9.00%   | 9.00%                  |
| Expected salary increase rates         | For Management Staff | 5% and NIL for pension                            | 5% and NIL for pension |
|  | For Unionised Staff  | 4% and NIL for pension                            | 4% and NIL for pension |
| Mortality rates                        |                      | Indian Assured Lives Mortality (2006-08) Ultimate | LIC (1994-96) Ultimate |

The estimate of future salary increases considered in the actuarial valuation takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Company's policy for plan asset management and other relevant factors.

- (b) In terms of Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is treated as a defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs.18.62 Million (2012 - Rs.9.23 Million) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 22. Disclosures given hereunder are restricted to the information available as per the Actuary's Report -

|                               | 2013  | 2012  |
|-------------------------------|-------|-------|
| Discount rates                | 9.44% | 8.40% |
| Expected yield on plan assets | 9.44% | 9.34% |
| Guaranteed Interest Rate      | 8.50% | 8.60% |

- (c) During the year the Company has recognised an amount of Rs. 18.82 Million (2012 - Rs. 19.21 Million) as expenditure towards defined contribution plans of the Company.



## Notes to the Financial Statements

### 44. Computation of Earnings per Equity Share (Basic and Diluted)

| Particulars  | 2013             | 2012      |
|--|------------------|-----------|
| <b>(I) Basic</b>   |                  |           |
| (a) (i) Number of Equity Shares at the beginning of the year   | <b>9,178,977</b> | 9,178,977 |
| (ii) Number of Equity Shares at the end of the year  | <b>9,178,977</b> | 9,178,977 |
| (iii) Weighted average number of Equity Shares outstanding during the year                                 | <b>9,178,977</b> | 9,178,977 |
| (iv) Face Value of each Equity Share (in Rs.)  | <b>10</b>        | 10        |
| (b) Amount of Profit after tax attributable to Equity Shareholders<br>Profit for the Year (Rs. in Million) | <b>125.37</b>    | 214.95    |
| (c) Basic Earnings per Equity Share [(b)/(a)(iii)]   | <b>13.66</b>     | 23.42     |
| <b>(II) Diluted</b>  |                  |           |
| (a) Dilutive Potential Equity Shares   | —                | —         |
| (b) Diluted Earnings per Equity Share [Same as (I)(c) above]   | <b>13.66</b>     | 23.42     |

### 45. Previous Year Figures

Previous year's figures have been re-grouped / re-arranged, wherever necessary to conform to current year's classification.

## Notes to the Financial Statements

### Note 46

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### BASIS OF PREPARATION

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply, in all material aspects, with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 (the 'Act').

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act.

##### FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortisation and accumulated impairment losses, if any.

Cost comprises cost of acquisition including non-refundable taxes/duties, freight and other incidental expenses related to acquisition and installation.

Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

##### DEPRECIATION AND AMORTISATION

Depreciation on tangible fixed assets is provided over the estimated useful lives of the assets in accordance with Schedule XIV to the Act as under:

- (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.

Leasehold land is amortised on straight-line basis over the lease period. Intangible assets (Computer Software) are amortised on a straight-line basis over a period of four years.

##### IMPAIRMENT

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired.

An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.

## **Notes to the Financial Statements**

After impairment, depreciation is provided on the revised carrying amount of the fixed asset over its remaining useful life.

### **INVESTMENTS**

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less write down for any diminution, other than temporary, in carrying value.

### **INVENTORIES**

Inventories are valued at lower of cost and net realisable value.

Cost is determined on first-in-first-out formula for all categories of inventories except stores and spare parts for which it is determined under weighted average formula.

Cost includes expenditure incurred in normal course of business in bringing inventories to its present location, condition, labour and overheads, where applicable.

Inventories are written down for obsolete / slow-moving/ non-moving items, wherever necessary.

### **FOREIGN CURRENCY TRANSACTIONS AS APPLICABLE UNDER ACCOUNTING STANDARD 11 ON 'THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES'**

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The resultant exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Statement of Profit and Loss.

Premium or discount arising at the inception of a forward exchange contract entered into to hedge an existing asset / liability is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in reporting period in which the exchange rates changed. Profit or loss arising on cancellation or renewal of forward contract is recognised as income or expense of the period.

### **DERIVATIVE CONTRACTS**

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark-to-market loss, if any, on outstanding contracts as at the Balance Sheet date are recognised in the Statement of Profit and Loss and mark-to-market gain, if any, on outstanding contracts as at the Balance Sheet date is ignored.

Refer Note on Foreign Currency Transactions above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

### **REVENUE**

Revenue from sale of goods are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract. It includes excise duty but excludes value added tax/sales tax, trade discounts, returns, as applicable.

### **BORROWING COSTS**

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets (i.e., the assets that necessarily take a substantial period of time to get ready for their intended use) are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

## Notes to the Financial Statements

### RESEARCH & DEVELOPMENT EXPENDITURE (R & D)

Revenue expenditure on R&D is expensed in the period in which it is incurred. Capital expenditure on Development is capitalised on compliance with the provisions of the Accounting Standard 26 on 'Intangible Assets'

### EMPLOYEE BENEFITS

(a) Short-term Employee Benefits

Short term Employee Benefits (i.e. benefits falling due within one year after the end of the period in which employees render the related service) are recognised as expense in the period in which employee services are rendered as per the Company's scheme based on expected obligations on undiscounted basis.

(b) Post-Employment Benefit Plans

Post-employment benefits comprise of Provident Fund, Superannuation Fund, Gratuity, Pension and Retirement Benefits which are accounted for as follows:

- i. Provident Fund - Certain employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall, this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit (PUC) Method at the year end and the charge/gain, if any, is recognized in the Statement of Profit and Loss. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- ii. Superannuation Fund - This is a defined contribution plan. The Company contributes a certain percentage of the eligible salary for employees covered under the scheme towards superannuation fund administered by the Trustees. The Company has no further obligations for future superannuation benefits other than its contributions and recognizes such contributions as expense in the period in which the related employee services are rendered.
- iii. Gratuity - This is a defined benefit plan covering eligible employees. As per the scheme, the Gratuity Fund Trust administered by trustees, makes payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The liability is determined based on year-end actuarial valuation using PUC Method. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- iv. Pension - The Company has discontinued the Defined Pension Benefit scheme with effect from 1st May 2009 and all the employees who were member of the erstwhile Defined Pension Benefit scheme has been brought under the Defined Contribution scheme for benefit provisions under the Pension plan. The present value of benefit obligation is actuarially determined using the PUC method at the end of each year by discounting the present value of crystallised pension as at 30th April 2009. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.
- v. Retirement Benefit - Liability accrued during the year in respect of retirement benefit payable to certain employees governed by agreement with the Union representing them are treated as a defined benefit plan. As per the Scheme, a lump sum benefit is paid to the eligible employees on cessation of service with the Company. The Company's liability is actuarially determined using the PUC method at the end of each year. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/expense.

(c) Other Long-term Employee Benefits (unfunded)

The cost of providing other Long-term Employee Benefits (Leave Encashment) is determined using Projected Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains/losses and past service cost are recognised immediately in the Statement of Profit and Loss for the period in which they occur. Other Long-term Employee Benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

(d) Terminal benefits are recognised as expense as and when incurred.

## Notes to the Financial Statements

### PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the Balance Sheet date and are not discounted to its present value.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### TAXATION

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 (also refer Note 29).

Deferred tax is provided on timing differences between taxable income and accounting income measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is a virtual / reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income' that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

### LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of lease.

Signatures to Notes 1 to 46

#### For Lovelock and Lewes

Firm Registration Number - 301056E  
Chartered Accountants

#### Pinaki Chowdhury

Partner

Membership Number: 57572  
Kolkata, 5th February 2014

#### Sandip Chatterjee

Chief Finance Officer  
Kolkata, 5th February 2014

On behalf of the Board

**Samir Bhaumik**

*Managing Director*

**Bhaskar Nath Ghosh**

*Director*

**Timir Baran Chatterjee**

*Senior Executive Vice President*

*(Corporate Affairs and Legal) & Company Secretary*

Kolkata, 5th February 2014

# Cash Flow Statement

For the year ended 31st December 2013

(Rs. in Million)

|  | Year ended<br>31st December<br>2013 | Year ended<br>31st December<br>2012 |
|--|-------------------------------------|-------------------------------------|
| <b>A. Cash Flows from Operating Activities:</b>        |                                     |                                     |
| <b>Profit Before Tax</b>                               | <b>119.98</b>                       | 314.92                              |
| Adjustments for :                                      |                                     |                                     |
| Depreciation and Amortisation Expense                  | 121.86                              | 100.90                              |
| Loss on disposal of Tangible Fixed Assets              | 0.28                                | 0.52                                |
| Bad Debts written off                                  | 9.50                                | 2.97                                |
| Provision for Doubtful Debts                           | 23.34                               | —                                   |
| Interest Income  | (3.76)                              | (0.45)                              |
| Finance Costs  | 44.73                               | 53.38                               |
| Provision for Doubtful Debts written back              | (0.81)                              | (2.55)                              |
| Liabilities no longer required written back            | (2.54)                              | —                                   |
| Provision for Wealth Tax                               | 0.03                                | 0.24                                |
| Foreign Exchange Loss (Net)                            | (3.06)                              | 3.05                                |
| <b>Operating Profit before Working Capital Changes</b> | <b>309.55</b>                       | 472.98                              |
| Changes in Working Capital:                            |                                     |                                     |
| Decrease in Trade and other Payables                   | (8.62)                              | (77.16)                             |
| Increase in Trade and other Receivables                | (4.39)                              | (146.09)                            |
| (Increase)/Decrease in Inventories                     | 61.46                               | (110.13)                            |
| <b>Cash generated from Operations</b>                  | <b>358.00</b>                       | 139.60                              |
| Direct Taxes paid (Net of Refunds)                     | (26.91)                             | (109.15)                            |
| <b>Net Cash from Operating Activities</b>              | <b>331.09</b>                       | 30.45                               |
| <b>B. Cash Flows from Investing Activities:</b>        |                                     |                                     |
| Purchase of Tangible/ Intangible Fixed Assets          | (117.69)                            | (144.19)                            |
| Proceeds on disposal of Tangible Fixed Assets          | 1.08                                | 1.85                                |
| Interest received                                      | 1.06                                | 0.45                                |
| <b>Net Cash used in Investing Activities</b>           | <b>(115.55)</b>                     | (141.89)                            |

**Cash Flow Statement (Contd.)**

(Rs. in Million)

|   | <b>Year ended<br/>31st December<br/>2013</b> | <b>Year ended<br/>31st December<br/>2012</b> |
|---|--|--|
| <b>C. Cash Flows from Financing Activities :</b>              |  |  |
| Dividends paid  | (36.63)                                      | (36.65)                                      |
| Dividend Distribution Tax paid                                | (5.96)                                       | (5.96)                                       |
| Finance Costs paid  | (50.60)                                      | (52.19)                                      |
| Increase/(Decrease) in Cash Credit/Working Capital Facilities | (107.50)                                     | 113.34                                       |
| <b>Net Cash from / (used in) Financing Activities</b>         | <b>(200.69)</b>                              | <b>18.54</b>                                 |
| <b>Net Cash Inflow/ (Outflow)</b>                             | <b>14.85</b>                                 | <b>(92.90)</b>                               |
| <b>Cash and Cash Equivalents- Opening</b>                     | <b>47.58</b>                                 | <b>140.48</b>                                |
| <b>Cash and Cash Equivalents- Closing</b>                     | <b>62.43</b>                                 | <b>47.58</b>                                 |
|   | <b>14.85</b>                                 | <b>(92.90)</b>                               |
| <b>Cash and Cash Equivalents comprise</b>                     |  |  |
| Cash on hand  | 0.86   | 0.64   |
| Cheques on hand   | —  | 0.68   |
| Balances with Banks in Current Accounts                       | 61.57  | 46.26  |
| Total   | 62.43  | 47.58  |

## Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement.
2. Previous Year's figures have been rearranged / regrouped , wherever necessary.

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

On behalf of the Board

**For Lovelock and Lewes**

Firm Registration Number - 301056E  
Chartered Accountants

**Pinaki Chowdhury**

Partner

Membership Number: 57572  
Kolkata, 5th February 2014

**Sandip Chatterjee**

Chief Finance Officer

**Samir Bhaumik**  
Managing Director

**Bhaskar Nath Ghosh**  
Director

**Timir Baran Chatterjee**  
Senior Executive Vice President  
(Corporate Affairs and Legal) & Company Secretary  
Kolkata, 5th February 2014

# NOTES





DIC INDIA LIMITED

Registered Office : Transport Depot Road, Kolkata 700 088

ATTENDANCE SLIP

66th Annual General Meeting, 27th June 2014, 11.00 a.m.

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

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

I hereby record my presence at the 66th 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

Table with 2 columns: If Member, please sign below; If Proxy, please sign below

TEAR OFF HERE

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24223WB1947PLC015202

Name of the company: DIC India Limited

Registered office: Transport Depot Road, Kolkata - 700088

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id/ DP ID :

I/We, being the member (s) of ... shares of the above named company, hereby appoint

- 1. Name: ... E-mail Id: ...
Address: ...
Signature: ... or failing him
2. Name: ... E-mail Id: ...
Address: ...
Signature: ... or failing him
3. Name: ... E-mail Id: ...
Address: ...
Signature: ...

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 66th Annual General Meeting of the company, to be held on the 27th day of June 2014 at 11.00 a.m. in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata - 700001 and at any adjournment thereof in respect of such resolutions as are indicated below:

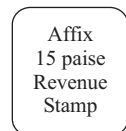
Resolution No.

- 1 To receive and consider the Statement of Profit & Loss for the financial year ended 31st December 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2 To declare dividend
3 To appoint a Director in place of Dr. Prabir Kumar Dutt, who retires by rotation and being eligible, seeks re-appointment.
4 To appoint a Director in place of Mr. Utpal Sengupta, who retires by rotation and being eligible, seeks re-appointment.
5 To appoint M/s. Lovelock & Lewes, Chartered Accountants, as the statutory auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration.
6 To appoint Mr. Yoshiaki Masuda as Director

Signed this ... day of ... 2014

Signature of shareholder .....

Signature of Proxy holder(s) .....



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



# DIC INDIA LIMITED

## Registered and Head Office

Transport Depot Road, Kolkata - 700 088, West Bengal  
Telephone : (033) 2449 6591-95, 2449 3984-85, Fax : (033) 2449 7033, 2448 9039

## OFFICES AND FACTORIES

### KOLKATA

Transport Depot Road  
Kolkata - 700 088, West Bengal  
Telephone : (033) 2449 6591-95/2449 3984-85  
Fax : (033) 2449 7033, 2448 9039  
E-mail : coi@dic.co.in

### MUMBAI

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

### NOIDA

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

### AHMEDABAD

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

### BANGALURU

66A, Bommasandra Industrial Area  
Hosur Road, Anekal Taluk  
Bangaluru - 560 099, Karnataka  
Telefax : (080) 2783 1874

## SALES DEPOTS & OFFICES

### BANGALURU

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

### HYDERABAD

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

### VADODARA

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

### KANPUR

301, Urvashi Apartment, 3rd Floor  
Plot No.7/29  
Tilak Nagar  
Kanpur - 208 002, Uttar Pradesh  
Telephone : (0522) 2557 7001  
Mobile : 09336102184

### DELHI

C-189 Rewari Line Indl. Area,  
Mayapuri Phase II  
New Delhi - 110 064  
Telephone : (011) 4314 4200 / 4210 / 4222  
Fax : (011) 4314 4242  
E-mail : delhi@dic.co.in





**DIC INDIA LIMITED**

# Notice

NOTICE is hereby given that the Sixty Sixth Annual General Meeting of the Members of DIC India Limited will be held at the Williamson Magor Hall in the premises of The Bengal Chamber of Commerce & Industry, Royal Exchange, No. 6, Netaji Subhas Road, Kolkata 700 001 on Friday, 27th June 2014 at 11.00 a.m. to transact the following business:

## **ORDINARY BUSINESS**

1. To receive and consider the Statement of Profit & Loss for the financial year ended 31st December 2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr Prabir Kumar Dutt, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint a Director in place of Mr Utpal Sengupta, who retires by rotation and being eligible, seeks re-appointment.
5. To appoint M/s. Lovelock & Lewes, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

## **SPECIAL BUSINESS**

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

RESOLVED THAT Mr Yoshiaki Masuda, who had been appointed as an Additional Director of the Company with effect from 13th June 2013 and who, in terms of Section 161 of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) and Article 120 of the Articles of Association of the Company, hold office of Directorship up to the date of 66th 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 Yoshiaki Masuda as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

The Register of Members of the Company will remain closed from 18th June 2014 to 27th June 2014, both days inclusive.

By order of the Board

Registered Office:  
Transport Depot Road  
Kolkata - 700 088  
Dated : 5th February 2014

**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 102 of the Companies Act, 2013 (corresponding to Section 173 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 (RTA), M/s C B Management Services (P) Limited, P-22 Bondel Road, Kolkata - 700 019 by 5.30 p.m. on 17th June 2014 will be passed for payment of dividend, if declared.
5. As a part of the Green Initiatives of the Ministry of Corporate Affairs in Corporate Governance, the Company is allowed to send official communication and documents to its shareholders through e-mail. As a measure of support to this Green Initiative, Members are requested to register their e-mail addresses with the Company for receiving the Report and Accounts, Notices etc. in electronic mode by mailing such request to us on *investors@dic.co.in* or to our Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited at *rta@cbmsl.com* or by registering on *www.cbmsl.com/green.php* which will be used for the purpose of sending the official documents through e-mail in future.
6. The full version of the Annual Report will also be available on the website of the Company at *www.dicindia ltd.co* in the Investor section.
7. Shareholders holding shares in identical order of names in more than one folio, are requested to write to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, enclosing their share certificates to enable the Company to consolidate their holdings in one single folio.
8. Members holding shares in physical form are requested to notify immediately any change in their address/mandate/bank details to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, quoting their folio number.

Shareholders are encouraged to avail of Electronic Clearance Scheme (ECS) facility for direct credit of dividend to their bank account, and accordingly should submit their requisite request (ECS mandate) to Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited, on or before 13th June 2014 to be effective. Shareholders are requested to utilize the ECS for timely receipt of dividends and prevent loss in transit of dividend warrants. Any query related to dividend should be directed to the RTA of the Company.

9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the year ended

31st December 2006 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 on the due date. Accordingly, members who have not encashed their dividend warrant(s) so far for the year ended 31st December 2007 or subsequent years, are requested to make their claim to the Company or to the office of the Registrar & Share Transfer Agent, M/s C B Management Services (P) Limited. Members are advised that in terms of the provisions of the Act, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

10. 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.
11. 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):**

**Dr Prabir Kumar Dutt**

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

Dr P K Dutt is also a member of the Shareholders'/ Investors' Grievance Committee of the Company. He is not related to any other Directors of the Company and holds 133 shares of the Company.

**Mr Utpal Sengupta**

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

Mr Sengupta was inducted on the Board as an Independent Director with effect from 26th July 2011 and he is also the Chairman of the Shareholders'/ Investors' Grievance Committee. He is not related to any of the Directors and does not hold any shares in the Company.

Other Directorship and Committee Membership held by Dr Prabir Kumar Dutt and Mr Utpal Sengupta as on 31st December 2013 :

| Director    | Name of Company                        | Board Position Held | Committees of Board | Committee Position Held |
|-------------|--|---------------------|---------------------|-------------------------|
| Dr P K Dutt | DIC Fine Chemicals (P) Limited         | Director            | Nil                 | Nil                     |
| U Sengupta  | Sri Biotech Laboratories India Limited | Director            | Audit Committee     | Chairman                |
|             | Nuziveedu Seeds Limited                | Director            | Nil                 | Nil                     |

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (CORRESPONDING TO SECTION 173 OF THE COMPANIES ACT, 1956)**

**Item No. 6**

**Mr Yoshiaki Masuda**

Mr Yoshiaki Masuda, born on 6th December 1954, graduated with B.A. in Economics from Keio University, Japan in 1978. He joined the Bank of Mitsubishi-Tokyo UFJ Ltd and held various designated post in the different global branches of the Bank. Thereafter Mr Masuda joined DIC Corporation in the year 2009 as Executive Officer, CSR Promotion Department and Internal Control Department. Thereafter, he was designated as Managing Executive Officer, General and Legal Affairs in 2010, appointed as Managing Executive Officer, Business Coordination and Support Division in 2012 and appointed as Managing Executive Officer in DIC Corporation in 2013 and Regional Managing Director of DIC Asia Pacific Pte. Ltd., Singapore with effect from the same year.

Mr Masuda was inducted in the Board with effect from 13th June 2013 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 Directorship and Committee Membership held by Mr Masuda as on 31st December 2013:

| Director | Name of Company                  | Board Position Held | Committees of Board | Committee Position Held |
|----------|----------------------------------|---------------------|---------------------|-------------------------|
| Y Masuda | DIC Asia Pacific Pte. Ltd.       | Director            | Nil                 | Nil                     |
|          | DIC Graphics (Thailand) Co. Ltd. | Director            | Nil                 | Nil                     |
|          | DIC Australia Pty. Ltd.          | Director            | Nil                 | Nil                     |
|          | DIC New Zealand Ltd.             | Director            | Nil                 | Nil                     |
|          | DIC Pakistan Ltd.                | Director            | Nil                 | Nil                     |
|          | PT Pardic Jaya Chemicals         | Director            | Nil                 | Nil                     |
|          | Siam Chemical Industry Co. Ltd.  | Director            | Nil                 | Nil                     |
|          | PT DIC Astra Chemicals           | Director            | Nil                 | Nil                     |

None of the Directors, save and except Dr. P. K. Dutt, Mr. Utpal Sengupta and Mr. Yoshiaki Masuda are interested or concerned in the relevant resolutions.

The Board of Directors accordingly recommend the Resolution mentioned under Item Nos.6 of the Notice for the approval of the Members.

By order of the Board

Registered Office:  
Transport Depot Road  
Kolkata - 700 088  
Dated : 5th February 2014

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





# DIC INDIA LIMITED

CIN : L24223WB1947PLC015202

Regd. Office: Transport Depot Road, Kolkata 700088  
Ph : (033) 2449-6591/95 Fax : (033) 2449-7033 / 2448-9039  
e-mail : investors@dic.co.in website : www.dicindia.com

ADDENDUM TO THE NOTICE DATED 5<sup>TH</sup> FEBRUARY 2014 OF THE ANNUAL GENERAL MEETING TO BE HELD ON 27<sup>TH</sup> JUNE 2014

**Name of the sole / first named shareholder**  
incl. joint holders, if any

**Address of sole / first named shareholder**

**Registered folio no.  
DP ID / Client ID  
Number of shares held**

Dear Shareholder,

**Subject : Process and manner for availing E-voting facility**

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically as an alternative to participation at the Annual General Meeting to be held on Friday, 27<sup>th</sup> June 2014, at 11.00 a.m. The Company has engaged the services of National Securities Depository Limited ("NSDL") to provide e-voting facilities. The e-voting facility is available at the link <https://www.evoting.nsdl.com>.

The electronic voting particulars are set out below :

| <b>EVEN<br/>(E-voting event number)</b> | <b>User ID</b> | <b>Password</b> |
|---|----------------|-----------------|
|   |                |                 |

The e-voting facility will be available during the following voting period:

| <b>Commencement of e-voting</b>         | <b>End of e-voting</b>                  |
|---|---|
| 19 <sup>th</sup> June 2014 from 9.00 am | 21 <sup>st</sup> June 2014 till 6.00 pm |

Please read the instructions printed overleaf before exercising the vote.

These details and instructions form integral part of the Notice dated 5<sup>th</sup> February 2014 for the Annual General Meeting to be held on 27<sup>th</sup> June 2014.

Please see overleaf

**The instructions for e-voting are as under:**

- (i) User ID and Password for e-voting is provided in the table given on the face of this addendum to AGM Notice. Please note that the Password is an Initial Password.
- (ii) National Securities Depository Limited (NSDL) shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized form and whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email address, can use the details as provided overleaf.
- (iii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iv) Click on Shareholder - Login.
- (v) Put user ID and password as initial password noted in step (i) above. Click Login.
- (vi) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (viii) Select "EVEN" of DIC India Limited.
- (ix) Now you are ready for e-Voting as Cast Vote page opens.
- (x) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature(s) of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail [tchatterjeeassociates@gmail.com](mailto:tchatterjeeassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Notes :**

- I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- II. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- III. The e-voting period commences on 19<sup>th</sup> June 2014 (9.00 am) and ends on 21<sup>st</sup> June 2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 9<sup>th</sup> May 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on 9<sup>th</sup> May 2014.
- V. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-voting period unlock the votes in the presence of atleast two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VI. The Results shall be declared at the 66<sup>th</sup> Annual General Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.dicindia.co](http://www.dicindia.co) and on the website of NSDL.

Thanking you,  
Yours faithfully,

**For DIC India Limited**

**(Timir Baran Chatterjee)**





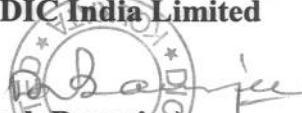
Sr. Exec Vice President (Corporate Affairs & legal)  
and Company Secretary

Date: 26<sup>th</sup> April 2014

Place: Kolkata

## FORM A

### Format of covering letter of the annual audit report to be filed with the stock exchanges

|    |  |   |
|----|--|---|
| 1. | Name of the Company:                           | DIC INDIA LIMITED   |
| 2. | Annual financial statements for the year ended | 31st December 2013  |
| 3. | Type of Audit observation                      | Un-qualified / Matter of Emphasis   |
| 4. | Frequency of observation                       | <del>Whether appeared first time .... / repetitive .... / since how long period</del><br>NOT APPLICABLE   |
| 5. | To be signed by-<br>CEO/Managing Director      | For <b>DIC India Limited</b><br><br><b>(Yasuo Ikeda)</b><br>Chief Operating Officer  |
|    | CFO  | For <b>DIC India Limited</b><br><br><b>(Sandip Chatterjee)</b><br>Chief Finance Officer   |
|    | Auditor of the company                         | For <b>Lovelock &amp; Lewes</b><br>Firm registration No. 301056E<br>Chartered Accountants<br><br><b>(Pinaki Chowdhury)</b><br>Partner<br>Membership Number 57572<br> |
|    | Audit Committee Chairman                       | For <b>DIC India Limited</b><br><br><b>(Dipak Banerjee)</b><br>Chairman, Audit Committee  |