



# DIC INDIA LIMITED

**Annual Report 2010**



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# BOARD OF DIRECTORS



**Dr P K Dutt**

*Chairman & Chief Executive Officer*



**S Bhaumik**

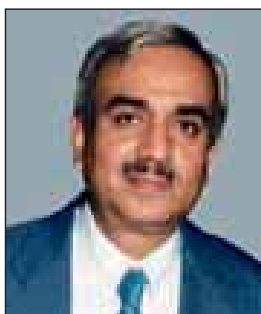
*Wholetime Director*



**K Kudo**



**D Banerjee**



**S Bose**



**B Choudhuri**



**P L Agarwal**



**B N Ghosh**



**P Koek**

# Corporate Information

as on 31st December, 2010

## Board of Directors

\* Dr Prabir Kumar Dutt

*Chairman & Chief Executive Officer*

\* Samir Bhaumik

Kazuo Kudo

Dipak Banerjee

Subir Bose

Biswajit Choudhuri

Purushottam Lal Agarwal

Bhaskar Nath Ghosh

Paul Koek

\* Executive Director

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Timir Baran Chatterjee

*Senior Executive Vice President*

*(Corporate Affairs and Legal) & Company Secretary*

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## Board Committees

### Audit Committee

Dipak Banerjee – *Chairman*

Biswajit Choudhuri

Subir Bose

Bhaskar Nath Ghosh

Paul Koek

### Shareholders'/Investors' Grievance Committee

Purushottam Lal Agarwal – *Chairman*

Dr Prabir Kumar Dutt

Paul Koek

### Remuneration Committee

Dipak Banerjee – *Chairman*

Kazuo Kudo

Paul Koek

## Bankers

Bank of Baroda

State Bank of India

Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

## Auditors

Lovelock & Lewes

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

Electronics Complex, Bidhan Nagar, Kolkata-700091

## Registrar and Share Transfer Agent

C B Management Services (P) Limited

P-22, Bondal Road, Kolkata 700 019

## Registered Office

Transport Depot Road, Kolkata 700 088

DIC INDIA LIMITED

# Ten Years Record

## TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31
<b>Sales (Net)</b>	<b>5,534</b>	4593	4719	4039	3395	2786	2445	2162	2000	1854
<b>Profit before Tax</b>	<b>648</b> #	320	231	167	145	147	114	95	118	122
Tax	<b>141</b>	97	80	58	45	46	39	19	33	26
<b>Profit after Tax</b>	<b>507</b> #	223	151	109	100	101	75	76	85	96
Dividend	<b>53</b> *	43 *	38 *	38 *	28 *	28 *	28 *	27 *	27 *	30 *
Retained Profit	<b>454</b>	180	113	71	72	73	47	49	58	66
Earnings per Share (Rs.)										
- Basic	<b>55.28</b> #	24.29	16.56	15.86	14.51	14.72	10.92	10.98	12.29	13.97
- Diluted	<b>55.28</b> #	24.29	16.56	15.69	—	—	—	—	—	—
Dividend per Share (%)	<b>50</b> @	40	35	35	35	35	35	35	35	40
Net Worth per										
Equity Share (Rs.)	<b>265.53</b>	216.04	196.47	170.52	157.54	147.12	136.41	29.47	122.43	113.68 **
PBT to Sales (%)	<b>11.72</b> #	6.97	4.90	4.14	4.27	5.28	4.66	4.39	5.90	6.60
PAT on Shareholders										
Funds (%)	<b>20.82</b>	11.24	8.37	9.30	9.22	9.97	8.00	8.52	10.03	12.27
Debt Equity Ratio	<b>0.05:1</b>	0.22:1	0.28:1	0.12:1	0.64:1	0.44:1	0.40:1	0.48:1	0.48:1	0.46:1
<b>Sources of Funds</b>										
Share Capital	<b>92</b>	92	92	69	69	69	69	69	69	69
Share Application	—	—	—	516	—	—	—	—	—	—
Reserves & Surplus	<b>2,345</b>	1,891	1,711	1,105	1,016	944	870	823	774	714
Borrowings	<b>115</b>	427	497	209	693	444	379	425	408	359
	<b>2,552</b>	<b>2,410</b>	<b>2,300</b>	<b>1,899</b>	<b>1,778</b>	<b>1,457</b>	<b>1,318</b>	<b>1,317</b>	<b>1,251</b>	<b>1,142</b>
<b>Application of Funds</b>										
Net Fixed Assets	<b>772</b>	756	745	682	535	451	403	380	347	308
Investments	—	108	108	108	108	108	108	108	108	108
Net Current Assets	<b>1,780</b>	1,546	1,447	1,109	1,135	898	807	826	790	719
Misc. Expenses	—	—	—	—	—	—	—	3	6	7
	<b>2,552</b>	<b>2,410</b>	<b>2,300</b>	<b>1,899</b>	<b>1,178</b>	<b>1,457</b>	<b>1,318</b>	<b>1,317</b>	<b>1,251</b>	<b>1,142</b>

Notes:

\* Includes Tax on Dividend

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

@ Proposed

# After considering Extraordinary Items

# Report on Corporate Governance

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

## I. MANDATORY REQUIREMENTS

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

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

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

### 2. Board of Directors

#### A) Composition as on 31st December, 2010

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

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

The Chairman of the Board is an Executive Director.

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

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

Name of Director	Category	Directorships held in other Companies*		Committee Memberships held in other Companies#	
		As Director	As Chairman	As Member	As Chairman
Dr P K Dutt	Chairman & Chief Executive Officer Executive	—	—	—	—
Mr S Bhaumik	Executive	—	—	—	—
Mr D Banerjee	Non-Executive & Independent	7	1	5	3
Mr S Bose	Non-Executive & Independent	2	1	1	—
Mr B Choudhuri	Non-Executive & Independent	11	—	2	3
Mr P L Agarwal	Non-Executive & Independent	8	—	3	1
Mr B N Ghosh	Non-Executive & Independent	—	—	—	—
Mr K Kudo	Non-Executive	—	—	—	—
Mr P Koek	Non-Executive	—	—	—	—

**DIC INDIA LIMITED**

\* *Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies Act, 1956 and Memberships of Managing Committees of various Chambers/Institutions/Boards.*

# *Memberships/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.*

C) *Particulars of change in directorship during the year*

Name of Director	Category	Date of Appointment/ Cessation	Remarks
Arun Das Chatterjee	Executive	21.04.2010	Transferred to holding company, DIC Asia Pacific Pte Ltd., Singapore
Mitsunobu Miyasaka	Non-Executive	26.05.2010	Resigned
Kazuo Kudo	Non-Executive	02.06.2010	Appointment as Additional Director

D) *Board Meetings held during the year*

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

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

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

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 63rd Annual General Meeting and Explanatory Statement, attached thereto.

### 3. Audit Committee

A) *Terms of Reference*

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

- i) Overview of the Company's financial reporting process and financial information disclosures;



- ii) Review with the Management, the annual and quarterly financial statements before submission to the Board;
- iii) Review with the Management, the External and Internal Audit Reports and the adequacy of internal control systems;
- iv) Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the Company's policies and applicable laws and regulations;
- v) Recommending the appointment and removal of External Auditors and fixation of audit terms;
- vi) Review of utilization of proceeds raised from Public/Rights issues.

B) *Composition, name of Members and Chairperson*

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

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

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

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

C) *Meetings during the year*

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

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

<b>Name of Director</b>	<b>Meeting Attended</b>
Mr D Banerjee	4
Mr S Bose	1
Mr B Choudhuri	4
Mr B N Ghosh	4
Mr P Koek	4

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

#### 4. **Remuneration Committee**

A) *Terms of Reference*

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

**DIC INDIA LIMITED****B) Composition, name of Members and Chairperson**

Till the resignation of Mr M Miyasaka on 26th May, 2010, the Remuneration Committee consisted of Mr D Banerjee, Chairman, and Mr M Miyasaka and Mr P Koek as the members of the Committee. Subsequently, Mr K Kudo was invited to become the member of the Remuneration Committee with effect from 21st October, 2010. As on 31st December, 2010, the Remuneration Committee comprises the following Members:

<b>Name of Member</b>	<b>Category</b>
Mr D Banerjee	Chairman
Mr K Kudo	Member
Mr P Koek	Member

**C) Meetings and Attendance during the year**

During the year ended 31st December, 2010, two meetings were held on 10th February, 2010 and 21st October, 2010. The attendance of the Directors is as given below:

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

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

(Figure in Rs.)

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

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