



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

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

Sandip Chatterjee
Chief Finance Officer

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

Bankers

Bank of Baroda
State Bank of India
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Auditors

Lovelock & Lewes
Plot No. Y-14, Block EP, Sector V, Salt Lake,
Electronics Complex, Bidhan Nagar, Kolkata - 700 091

Registrar and Share Transfer Agent

C B Management Services (P) Limited
P-22, Bondal Road, Kolkata - 700 019

Registered Office

Transport Depot Road, Kolkata - 700 088
Phone : (033) 2449 6591-95 Fax : (033) 2449 7033 / 2448 9039
E-mail : investors@dic.co.in Website : www.dicindia ltd.co

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2013 Dec-31	2012 Dec-31	2011 Dec-31	2010 Dec-31	2009 Dec-31	2008 Dec-31	2007 Dec-31	2006 Dec-31	2005 Dec-31	2004 Dec-31
Sales (Net)	7,087	7,124	6,748	5,534	4593	4719	4039	3395	2786	2445
Profit before Tax	120 #	315 #	382 #	649	320	231	167	145	147	114
Tax	(5)	100	117	141	97	81	58	45	46	39
Profit after Tax	125 #	215 #	265 #	507	223	151	109	100	101	75
Dividend	43 *	43 *	43 *	54 *	43 *	38 *	38 *	28 *	28 *	28 *
Retained Profit	82	172	222	454	180	113	71	72	73	47
Earnings per Share (Rs.)										
– Basic	13.66 #	23.42 #	28.82 #	55.28	24.29	16.56	15.86	14.51	14.72	10.92
– Diluted	13.66 #	23.42 #	28.82 #	55.28	24.29	16.56	15.69	—	—	—
Dividend per Share (%)	40 @	40 @	40 @	50	40	35	35	35	35	35
Net Worth per										
Equity Share (Rs.)	317.44	308.46	289.69	265.53	216.04	196.47	170.52	157.54	147.12	136.4
PBT to Sales (%)	1.69	4.42	5.66	11.72	6.97	4.90	4.14	4.27	5.28	4.66
PAT on Shareholders										
Funds (%)	4.30	7.59	9.95	20.82	11.25	8.37	9.30	9.22	9.97	8
Debt Equity Ratio	0.08:1	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
Sources of Funds										
Share Capital	92	92	92	92	92	92	69	69	69	69
Share Application	—	—	—	—	—	—	516	—	—	—
Reserves & Surplus	2822	2740	2567	2345	1891	1712	1105	1016	944	870
Borrowings	233	340	227	115	427	497	209	693	444	379
	3147	3172	2886	2552	2410	2300	1899	1778	1457	1318
Application of Funds										
Net Fixed Assets	976	1,018	897	772	756	745	682	535	451	403
Investments	—	—	—	—	108	108	108	108	108	108
Net Current Assets	2,171	2,153	1,989	1,780	1546	1448	1109	1135	898	807
Misc. Expenses	—	—	—	—	—	—	—	—	—	—
	3147	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/ Cessation	Remarks
Mr Yoshiaki Masuda	Non-executive	13th June 2013	Appointment as 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:

- Overview of the Company's financial reporting process and financial information disclosures;
- Review with the Management, the annual and quarterly financial statements before submission to the Board;
- 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 Bengal Chamber of Commerce & Industry, Royal Exchange 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
Public Shareholding	512	9,76,188	100.00
Assented to Resolution out of public shareholding	330	9,34,005	95.68
Dissented to Resolution out of public shareholding	182	42,183	4.32