



# DIC INDIA LIMITED

**Annual Report 2009**

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# BOARD OF DIRECTORS



**Dr P K Dutt**  
*Chairman & Chief Executive Officer*



**A D Chatterjee**  
*Wholetime Director*



**S Bhaumik**  
*Wholetime Director*



**M Miyasaka**



**D Banerjee**



**S Bose**



**B Choudhuri**



**P L Agarwal**



**B N Ghosh**



**P Koek**

# Corporate Information

as on 31st December, 2009

## Board of Directors

\* Dr Prabir Kumar Dutt

*Chairman & Chief Executive Officer*

\* Arun Das Chatterjee

Dipak Banerjee

Purushottam Lal Agarwal

\* Samir Bhaumik

Subir Bose

Bhaskar Nath Ghosh

Mitsunobu Miyasaka

Biswajit Choudhuri

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*

Mitsunobu Miyasaka

Paul Koek

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## Auditors

Lovelock & Lewes

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## Registrar and Share Transfer Agent

C B Management Services (P) Limited

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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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## Registered Office

Transport Depot Road

Kolkata 700 088

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# Ten Years Record

## TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2009 Dec-31	2008 Dec-31	2007 Dec-31	2006 Dec-31	2005 Dec-31	2004 Dec-31	2003 Dec-31	2002 Dec-31	2001 Dec-31	2000 Dec-31
<b>Sales (Net)</b>	<b>4,593</b>	4719	4039	3395	2786	2445	2162	2000	1854	1844
<b>Profit before Tax</b>	<b>320</b>	231	167	145	147	114	95	118	122	129
Tax	<b>97</b>	80	58	45	46	39	19	33	26	39
<b>Profit after Tax</b>	<b>223</b>	151	109	100	101	75	76	85	96	90
Dividend	<b>43 *</b>	38 *	38 *	28 *	28 *	28 *	27 *	27 *	30 *	32 *
Retained Profit	<b>180</b>	113	71	72	73	47	49	58	66	58
Earnings per Share (Rs.)										
- Basic	<b>24.29</b>	16.56	15.86	14.51	14.72	10.92	10.98	12.29	13.97	13.08
- Diluted	<b>24.29</b>	16.56	15.69	—	—	—	—	—	—	—
Dividend per Share (%)	<b>40 @</b>	35	35	35	35	35	35	35	40	42
Net Worth per										
Equity Share (Rs.)	<b>216.04</b>	196.47	170.50	157.54	147.12	136.40	129.47	122.43	113.68 ***	138.97 **
PBT to Sales (%)	<b>6.97</b>	4.90	4.14	4.27	5.28	4.66	4.39	5.90	6.60	7.00
PAT on Shareholders										
Funds (%)	<b>11.24</b>	8.37	9.30	9.22	9.97	8.00	8.52	10.03	12.27	9.41
Debt Equity Ratio	<b>0.22:1</b>	0.28:1	0.12:1	0.64:1	0.44:1	0.40:1	0.48:1	0.48:1	0.46:1	0.45:1

### Sources of Funds

Share Capital	<b>92</b>	92	69	69	69	69	69	69	69	69
Share Application	---	---	516	---	---	---	---	---	---	---
Reserves & Surplus	<b>1891</b>	1711	1105	1016	944	870	823	774	714	888
Borrowings	<b>427</b>	497	209	693	444	379	425	408	359	433
	<b>2410</b>	<b>2300</b>	<b>1899</b>	<b>1778</b>	<b>1457</b>	<b>1318</b>	<b>1317</b>	<b>1251</b>	<b>1142</b>	<b>1390</b>

### Application of Funds

Net Fixed Assets	<b>756</b>	745	682	535	451	403	380	347	308	318
Investments	<b>108</b>	108	108	108	108	108	108	108	108	299
Net Current Assets	<b>1546</b>	1447	1109	1135	898	807	826	790	719	771
Misc. Expenses	—	—	—	—	—	—	3	6	7	2
	<b>2410</b>	<b>2300</b>	<b>1899</b>	<b>1178</b>	<b>1457</b>	<b>1318</b>	<b>1317</b>	<b>1251</b>	<b>1142</b>	<b>1390</b>

Notes:

\* Includes Tax on Dividend

\*\* After considering Capital Reserve

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

@ Proposed

# 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, 2009

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

- n Three Executive Directors in the whole-time employment of the Company.
- n Five Non-Executive Independent Directors, drawn from amongst persons with experience in business, finance, legal, technology and management.
- n 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 the Clause 49 of the Listing Agreement.

#### B) Other Directorships/Committee Memberships held as on 31st December, 2009

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	1	—	—	1
Mr A D Chatterjee	Executive	—	—	—	—
Mr S Bhaumik	Executive	—	—	—	—
Mr D Banerjee	Non-Executive & Independent	7	1	5	3
Mr S Bose	Non-Executive & Independent	2	—	1	—
Mr B Choudhuri	Non-Executive & Independent	11	—	3	3
Mr P L Agarwal	Non-Executive & Independent	7	—	—	1
Mr B N Ghosh	Non-Executive & Independent	—	—	—	—
Mr M Miyasaka	Non-Executive	—	—	—	—
Mr P Koek	Non-Executive	—	—	—	—

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

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

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

Name of Director	Category	Date of Appointment/ Cessation	Remarks
Prof R Das	Non-Executive & Independent	10.02.2009	Resigned
Mr B N Ghosh	Non-Executive & Independent	25.07.2009	Appointed*

\* Appointment is subject to the approval of the members in the forthcoming Annual General Meeting scheduled to be held on 2nd June, 2010.

D) *Board Meetings held during the year*

During the financial year ended 31st December, 2009, nine Board Meetings were held on 12th January, 2009, 10th February, 2009, 26th April, 2009, 12th May, 2009, 4th July, 2009, 25th July, 2009, 23rd September, 2009, 27th October, 2009 and 14th December, 2009.

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	9	Yes
Mr S Bhaumik	7	Yes
Mr M Miyasaka	4	Yes
Mr P Koek	6	Yes
Mr D Banerjee	9	Yes
Mr S Bose	7	Yes
Mr B Choudhuri	9	Yes
Mr P L Agarwal	2	Yes
Mr B N Ghosh	4	NA
Prof R Das	2	NA

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 62nd Annual General Meeting and Explanatory Statement, attached thereto.

### 3. Audit Committee

A) *Terms of Reference*

The Audit Committee acts as a link between the management, 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:

- 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***

Mr B N Ghosh was inducted as a member in the Audit Committee in the Board Meeting of the Company held on 14th December, 2009. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

As on 31st December, 2009, the Audit Committee of the Company comprises five 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, 2009, four meetings were held on 10th February, 2009, 26th April, 2009, 25th July, 2009 and 27th October, 2009.

**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	2
Mr B Choudhuri	4
Mr B N Ghosh	N.A.
Mr P Koek	4

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

**4. Remuneration Committee**

**A) *Terms of Reference***

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



B) *Composition, name of Members and Chairperson*

As on 31st December, 2009, the Remuneration Committee comprises the following Members:

<b>Name of Member</b>	<b>Category</b>
Mr D Banerjee	Chairman
Mr M Miyasaka	Member
Mr P Koek	Member

C) *Meetings and Attendance during the year*

During the year ended 31st December, 2009, one meeting was held on 10th February, 2009. All the members attended the meeting.

D) *Remuneration paid/payable to the Directors for the financial year ended 31st December, 2009:*

(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	4,136,149	1,890,000	—	2,765,517	—	8,791,666
Mr A D Chatterjee	1,663,075	633,150	—	14,70,476	—	3,766,701
Mr S Bhaumik	1,663,075	633,150	—	1,556,630	—	3,852,855
Mr D Banerjee	—	—	150,000	—	130,000	280,000
Mr S Bose	—	—	150,000	—	86,000	236,000
Prof R Das	—	—	17,000	—	28,000	45,000
Mr B Choudhuri	—	—	150,000	—	122,000	272,000
Mr P L Agarwal	—	—	150,000	—	20,000	170,000
Mr B N Ghosh	—	—	66,000	—	40,000	106,000
Mr P Koek	—	—	—	—	—	—
Mr M Miyasaka	—	—	—	—	—	—

- n Except the Chairman & Chief Executive Officer and the Wholetime 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.
- n No Severance Fee is payable.
- n 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.
- n The Non-Executive Directors do not hold any shares or convertible instruments of the Company.
- n The Company has paid commission to its Resident Non-Executive Directors in addition to sitting fees pursuant to approval of the Annual General Meeting held on 12th June, 2008. The criteria of payment of commission to the Resident Non-Executive Directors is as under :
  - 1 Non-Executive Chairman - 0.5% of the profits subject to annual ceiling of Rs.600,000/-
  - 1 Others - 0.5% of the profits subject to annual ceiling of Rs.150,000/- per Director.
- n At present, sitting fees of Rs.10,000/- is paid to each resident Non-Executive Director for attending each meeting of the Board and Rs.8,000/- for the Committees thereof.
- n No commission and sitting fees are payable to the Non-Resident Non-Executive Directors.

## 5. Shareholders'/Investors' Grievance Committee

### A) Terms of Reference

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

### B) Composition

Pursuant to the resignation of Prof R Das, Mr P L Agarwal was inducted as the Chairman of the Shareholders'/Investors' Grievance Committee of the Company on 26th April, 2009 and now comprised of three Directors.

The Chairman is a Non-Executive Independent Director.

As on 31st December, 2009, the Committee comprises of:

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

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

### C) Attendance

During the year ended 31st December, 2009, one meeting was held on 12th January, 2009. All the members, except Mr P Koek attended the meeting.

### D) Status of Transfers

During the year ended 31st December, 2009, 1019 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December, 2009.

### E) Complaints

During the year ended 31st December, 2009, the Company has not received any complaint from shareholders.

## 6. Subsidiary Company

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

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

## 7. General Body Meetings

### A) Particulars of last three Annual General Meetings

AGM	Year Ended	Venue	Date	Time
61st	31.12.2008	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata - 700 001	12.05.2009	11.00 a.m.
60th	31.12.2007	As above	12.06.2008	11.00 a.m.
59th	31.12.2006	As above	29.05.2007	11.00 a.m.