

DIC INDIA LIMITED

Annual Report 2011

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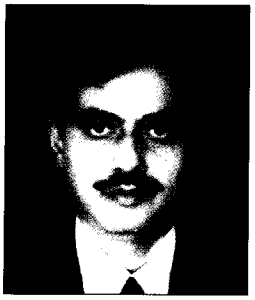
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BOARD OF DIRECTORS



Dr P K Dutt
Chairman



S Bhaumik
Managing Director



K Kudo



D Banerjee



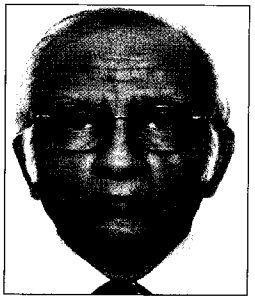
S Bose



B Choudhuri



P L Agarwal



B N Ghosh



U Sengupta



P Koek

Corporate Information

as on 31st December 2011

Board of Directors

Dr Prabir Kumar Dutt
Chairman

Samir Bhaumik, *Managing Director*
Subir Bose
Bhaskar Nath Ghosh
Kazuo Kudo
Biswajit Choudhuri
Utpal Sengupta
Dipak Banerjee
Purushottam Lal Agarwal
Paul Koek

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

Board Committees

Audit Committee

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

Shareholders'/Investors' Grievance Committee

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

Remuneration Committee

Dipak Banerjee – *Chairman*
Kazuo Kudo
Paul Koek

Bankers

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

Auditors

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

Ten Years Record

TEN YEARS FINANCIAL STATISTICS

(Rs. in Million)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31	Dec-31
Sales (Net)	**6,748**	5,534	4,593	4,719	4,039	3,395	2,786	2,445	2,162	2,000
Profit before Tax	**382**	649 #	320	231	167	145	147	114	95	118
Tax	**117**	141	97	81	58	45	46	39	19	33
Profit after Tax	**265**	507 #	223	151	109	100	101	75	76	85
Dividend	**43** *	54 *	43 *	38 *	38 *	28 *	28 *	28 *	27 *	27 *
Retained Profit	**222**	454	180	113	71	72	73	47	49	58
Earnings per Share (Rs.)										
– Basic	**28.82**	55.28 #	24.29	16.56	15.86	14.51	14.72	10.92	10.98	12.29
– Diluted	**28.82**	55.28 #	24.29	16.56	15.69	—	—	—	—	—
Dividend per Share (%)	**40** @	50	40	35	35	35	35	35	35	35
Net Worth per										
Equity Share (Rs.)	**289.69**	265.53	216.04	196.47	170.52	157.54	147.12	136.4	129.47	122.43
PBT to Sales (%)	**5.66**	11.72	6.97	4.90	4.14	4.27	5.28	4.66	4.39	5.90
PAT on Shareholders										
Funds (%)	**9.95**	20.82	11.25	8.37	9.30	9.22	9.97	8.00	8.52	10.03
Debt Equity Ratio	**0.09:1**	0.05:1	0.22:1	0.28:1	0.12:1	0.64:1	0.44:1	0.40:1	0.48:1	0.48:1
Sources of Funds										
Share Capital	**92**	92	92	92	69	69	69	69	69	69
Share Application	—	—	—	—	516	—	—	—	—	—
Reserves & Surplus	**2,567**	2,345	1,891	1,712	1,105	1,016	944	870	823	774
Borrowings	**227**	115	427	497	209	693	444	379	425	408
	2,886	2,552	2,410	2,300	1,899	1,778	1,457	1,318	1,317	1,251
Application of Funds										
Net Fixed Assets	**897**	772	756	745	682	535	451	403	380	347
Investments	—	—	108	108	108	108	108	108	108	108
Net Current Assets	**1,989**	1,780	1,546	1,448	1,109	1,135	898	807	826	790
Misc. Expenses	—	—	—	—	—	—	—	—	3	6
	2,886	2,552	2,410	2,300	1,899	1,178	1,457	1,318	1,317	1,251

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 and customers.

2. Board of Directors

A) Composition as on 31st December 2011

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

- Two Executive Directors in the whole-time employment of the Company.
- Six 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 Holding 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 2011:

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, Executive	—	—	—	—
Mr S Bhaumik	Managing Director, 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	10	—	2	4
Mr P L Agarwal	Non-Executive & Independent	8	—	3	1
Mr B N Ghosh	Non-Executive & Independent	—	—	—	—
Mr U Sengupta	Non-Executive & Independent	1	—	—	1
Mr K Kudo	Non-Executive	—	—	—	—
Mr P Koek	Non-Executive	—	—	—	—

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

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

C) Particulars of change in directorship during the year

Name of Director	Category	Date of Appointment/ Cessation	Remarks
Utpal Sengupta	Non-Executive & Independent Independent	26.07.2011	Appointment as Additional Director

D) Board Meetings held during the year

During the financial year ended 31st December 2011, six Board Meetings were held on 9th February 2011, 28th April 2011, 26th July 2011, 28th September 2011, 1st November 2011 and 20th December 2011.

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	6	Yes
Mr S Bhaumik	3	No
Mr K Kudo	4	Yes
Mr P Koek	4	Yes
Mr D Banerjee	5	No
Mr S Bose	6	Yes
Mr B Choudhuri	6	Yes
Mr P L Agarwal	2	Yes
Mr B N Ghosh	6	Yes
Mr U Sengupta	4	N.A.

F) Particulars of Directors retiring by rotation and seeking re-appointment have been given in the Notice convening the 64th 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 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 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 Holding Company. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements.

As on 31st December 2011, the Audit Committee of the Company comprises of the following members :

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

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

C) Meetings during the year

During the financial year ended 31st December 2011, four meetings were held on 9th February 2011, 28th April 2011, 26th July 2011 and 1st November 2011.

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	3
Mr S Bose	4
Mr B Choudhuri	4
Mr B N Ghosh	4
Mr P Koek	4

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

4. Remuneration Committee

A) Terms of Reference

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

B) Composition, Name of Members and Chairperson

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

As on 31st December 2011, the Remuneration Committee of the Company comprises of the following members:

Name of Member	Category
Mr D Banerjee	Chairman
Mr K Kudo	Member
Mr P Koek	Member

C) Meetings and Attendance during the year

During the year ended 31st December 2011, one meeting was held on 9th February 2011. All the Members attended the meeting.

D) Remuneration paid/payable to the Directors for the financial year ended 31st December 2011

(Figure in Rs.)

Name of Director	Salary	Performance Bonus	Commission	Allowances, Perquisites & Retirement Benefits	Sitting Fees	Total
Dr P K Dutt	2,040,000	2,040,000	—	5,336,833	—	9,416,833
Mr S Bhaumik	1,680,000	1,680,000	—	4,343,366	—	7,703,366
Mr D Banerjee	—	—	180,000	—	82,000	262,000
Mr S Bose	—	—	180,000	—	92,000	272,000
Mr B Choudhuri	—	—	180,000	—	92,000	272,000
Mr P L Agarwal	—	—	180,000	—	20,000	200,000
Mr B N Ghosh	—	—	180,000	—	92,000	272,000
Mr U Sengupta	—	—	75,000	—	40,000	115,000
Mr K Kudo	—	—	—	—	—	—
Mr P Koek	—	—	—	—	—	—

- Except the Chairman and the Managing Director, 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.
- 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 is as under:
  - Non-Executive Chairman 0.5% of the profits subject to annual ceiling of Rs.600,000/-
  - Others 0.5% of the profits subject to annual ceiling of Rs.180,000/- per Director.

- At present, sitting fees of Rs.10,000/- is paid to each resident Non-Executive Director for attending each meeting of the Board and Rs.8,000/- for the Committees thereof.
- No commission and sitting fees are payable to the Non-Resident Non-Executive Directors.

5. Shareholders'/Investors' Grievance Committee

A) Terms of Reference

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

B) Composition

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

As on 31st December 2011, 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

No meeting was held during the year as no grievance has been received from Shareholders. However a meeting has been held on 8th February 2012. All the members attended the meeting.

D) Status of Transfers

During the year ended 31st December 2011, 1235 shares in physical form were processed for transfer. There were no pending share transfers as on 31st December 2011.

E) Complaints:

During the year ended 31st December 2011, the Company has not received any complaint from shareholders.

6. Subsidiary Company

The Company had no subsidiaries as on 31st December 2011.

7. General Body Meetings

A) Particulars of last three Annual General Meetings

AGM	Year Ended	Venue	Date	Time
63rd	31.12.2010	Williamson Magor Hall Bengal Chamber of Commerce & Industry, Royal Exchange 6, Netaji Subhas Road, Kolkata 700 001	28.04.2011	3.00 p.m.
62nd	31.12.2009	– Do –	02.06.2010	11.00 a.m
61st	31.12.2008	– Do –	12.05.2009	11.00 a.m

B) Postal Ballot Exercise

No Special Resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting.